





## NEWS: EUROPE

# Confusion rules as Yeltsin takes scythe to soviets

By Leyla Bouillon in Moscow

PRESIDENT Boris Yeltsin's plans to reform the system of soviets - the law-making councils in every village, town, district and region of Russia - yesterday touched off a mixture of anger, bewilderment, and resignation in the regions.

The soviets system was developed by Lenin under the slogan "All Power to the Soviets". They had no real power under communism but, in more recent times, have clashed increasingly with parallel executive bodies known as administrations.

The frightening sight of tanks pounding the Russian parliament

has come as a clear warning to the soviets, many of which had backed Mr Russian Khasbulatov, parliamentary speaker, in his power struggle with Mr Yeltsin.

Taking the hint, some have begun to discuss their own dissolution. "Everybody understands that we must end this theatre of the absurd," said Mr Vitaly Turkov, a spokesman for the Vladimir province council just east of the capital.

Mr Vasily Charepanov, deputy chief of the Perm council, said relations with the regional administration had been soured by the power struggle in Moscow and that his council would not doubt vote to dis-

solve itself. However, he did not think any new council system would last long because Mr Yeltsin would find in it a new "enemy" to blame for worsening economic problems.

A spokesman for the Chelyabinsk council, which appointed its chief as head of the administration in defiance of another governor appointed by Mr Yeltsin, hit out at the president's "violation of human rights".

Although made from such a clear position of strength, Mr Yeltsin's announcement on Wednesday of impending changes also posed more questions than it answered. Most officials of the soviets agree they need reforming, saying for a

start that regional soviets need to be cut back from 200 members to 10-15. They also agree they should not be involved in the day-to-day running of the regions. But nobody has yet said out what should replace them, nor is it clear whether all but the regional and some city soviets, would be abolished.

Mr Vyacheslav Tyabotin, spokesman for the Novosibirsk regional administration, whose governor was sacked on Tuesday for opposing Mr Yeltsin's dissolution of parliament, said he believed a single regional soviet would be sufficient for Novosibirsk.

He cited as absurd the existence of a soviet in even the smallest village. "Endless contradictions in some soviets have turned many of them into big talking shops," he said. But he and many others warned that haste in electing new councils in December, as Mr Yeltsin suggested, would bungle the reform of local government.

Deputy prime minister Sergei Shakhrai, who specialises in regional and constitutional issues, has threatened to resign because, fearing a power vacuum, he wants gradual reform of soviets after a new national parliament is created.

The reform of the soviets also has a direct bearing on attempts to transform Russia into a genuine federal state. Republics such as Bashkortostan, which sees its soviet as the national parliament, insisted that any reform must be decided together with federation members.

Mr Yeltsin's announcement also leaves in the air how the upper chamber of a new Russian parliament would be formed. His initial plan was for it to be a Federation Council comprising leaders of each region's administration and council. But Mr Nikolai Ryabov, head of the central electoral commission, said yesterday a lower chamber could be elected in December, and formation of an upper chamber decided later.

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## Hard words in prospect on debt

By Quentin Peel in Bonn

NBGTATIONS to reschedule at least \$26bn of Russia's debts to western commercial banks opened in Frankfurt yesterday, as a top Russian minister indicated that he would seek more generous terms.

The "London Club" of some 600 commercial bank creditors, represented by a committee chaired by Germany's Deutsche Bank, have offered a 15-year rescheduling arrangement. It involves a five-year grace period, and then repayment over a further 10 years.

Preliminary talks opened yesterday, led by Mr Andrei Vavilov, the first deputy finance minister on the Russian side, a statement was released in Moscow saying Russia could not afford the \$26bn due to both commercial bank and official creditors next year.

Mr Alexander Shokhin, the deputy prime minister in overall charge of relations with international institutions, said the government was "calling on the official and commercial bank creditors to consider another restructuring scheme more acceptable to Russia".

Mr Shokhin, who is due in Frankfurt today to head the Russian team, said Moscow could only afford to pay \$2.5bn of debt servicing in 1994.

The Russian government was divided on the issue, with some ministers favouring a debt write-off. But opinion has now swung behind Mr Boris Yevdov, finance minister, who believes Russia can and must manage to service its rescheduled debts.

The Russian delegation is likely to meet a tough attitude from the western bankers, who believe Russia has considerably more foreign exchange than the \$26bn reserves held by the central bank. Mr Georg Krupp, the Deutsche Bank director responsible, suggested recently that Russian banks held up to \$10bn outside the country, and enterprises a further \$20bn.

Moscow has already agreed a rescheduling arrangement with the Paris Club of official government creditors, involving some \$15bn of the \$26bn they are owed.

The commercial banks are owed an estimated \$37.5bn, including a backlog of \$1.5bn accumulated for 1993 alone. So far this year, the debt has been subjected to repeated 90-day roll-over agreements, which the new deal would replace.

Yet to negotiate an arrangement with Moscow is the group of unsecured trade creditors, owed some \$12bn. When the recent backlog of payments is included, total Russian debt is now estimated at around \$80bn.

## Tough battle for the spoils of patronage

Kerin Hope takes a local look at some of the campaign's issues



GREEK ELECTIONS

IF GREECE'S opposition Panhellenic Socialist Movement wins the general election on Sunday, several hundred new jobs will be created in Lavrion, a port south of Athens where some 70 per cent of the workforce have been made redundant in the past three years.

If the ruling New Democracy party, lagging in the polls, manages to scrape back in, the feud between a conservative government and socialist local administration will continue, deterring new businesses from arriving.

The election campaign is being fiercely fought in Lavrion, a town that exemplifies problems a new government must address: disinvestment, increasing reliance on the black economy and intense political interference that blocks administrative reform.

Issues that have dominated the campaign, such as the ballooning public debt, Greece's ability to handle the EC presidency next year and, in recent days, the outlook for talks with

Macedonia, can arouse strong reactions.

However, in Lavrion argument is just as passionate over the town's efforts to secure its share of the public investment budget. Competition is strong for the spoils of Greece's patronage system, distributed for the most part to the governing party's political allies.

"We've had a funding squeeze and public works projects moved very slowly. Things will pick up a good deal here if Pasok comes back," said Mr Panayotis Bafilas, deputy mayor.

The conservatives claim they kept their 1990 election promises, improving the road from Athens and building a workers' housing estate.

However, the town has lost almost 20 per cent of its residents since several large companies, including two textile producers, a ceramics manufacturer and a yacht-builder, shut down. A bigger blow to Lavrion would be the loss of a \$600m project to build a power station. If the conservatives win the election, it will be built in central Greece instead.

"We get by, thanks to the black economy, with people

working in the building trade for illegal summer homes, or by commuting to jobs closer to Athens. But there aren't many jobs for women so family incomes are down," said Mr Demosthenes Mourelatos, an

electronics technician.

The effects of recession, blamed on the conservatives' stabilisation policy, together with their commitment to privatising public utilities and shutting loss-making industrial

companies under state control, have undermined New Democracy's chances of winning a second term.

Polls show Pasok holding a steady lead of between three and five percentage points, which would translate into an overall majority of about 12 seats in the 300-member parliament.

Mr Constantine Mitsotakis, the conservative prime minister, has managed to make a dent in Pasok's support by energetically touring the countryside. This was done to point up the contrast with Mr Andreas Papandreou, the socialist leader, whose health is too frail to allow him more than a few carefully stage-managed campaign appearances.

Given that the prime minister is expected to take personal responsibility for a multitude of minor decisions, even social-

ist voters doubt whether Mr Papandreou can withstand the stress of the job.

However, Mr Mitsotakis's personal approval rating has continued to decline throughout the campaign. New Democracy candidates have tried to distance themselves from a leader perceived as serving the interests of his extended family and close business associates.

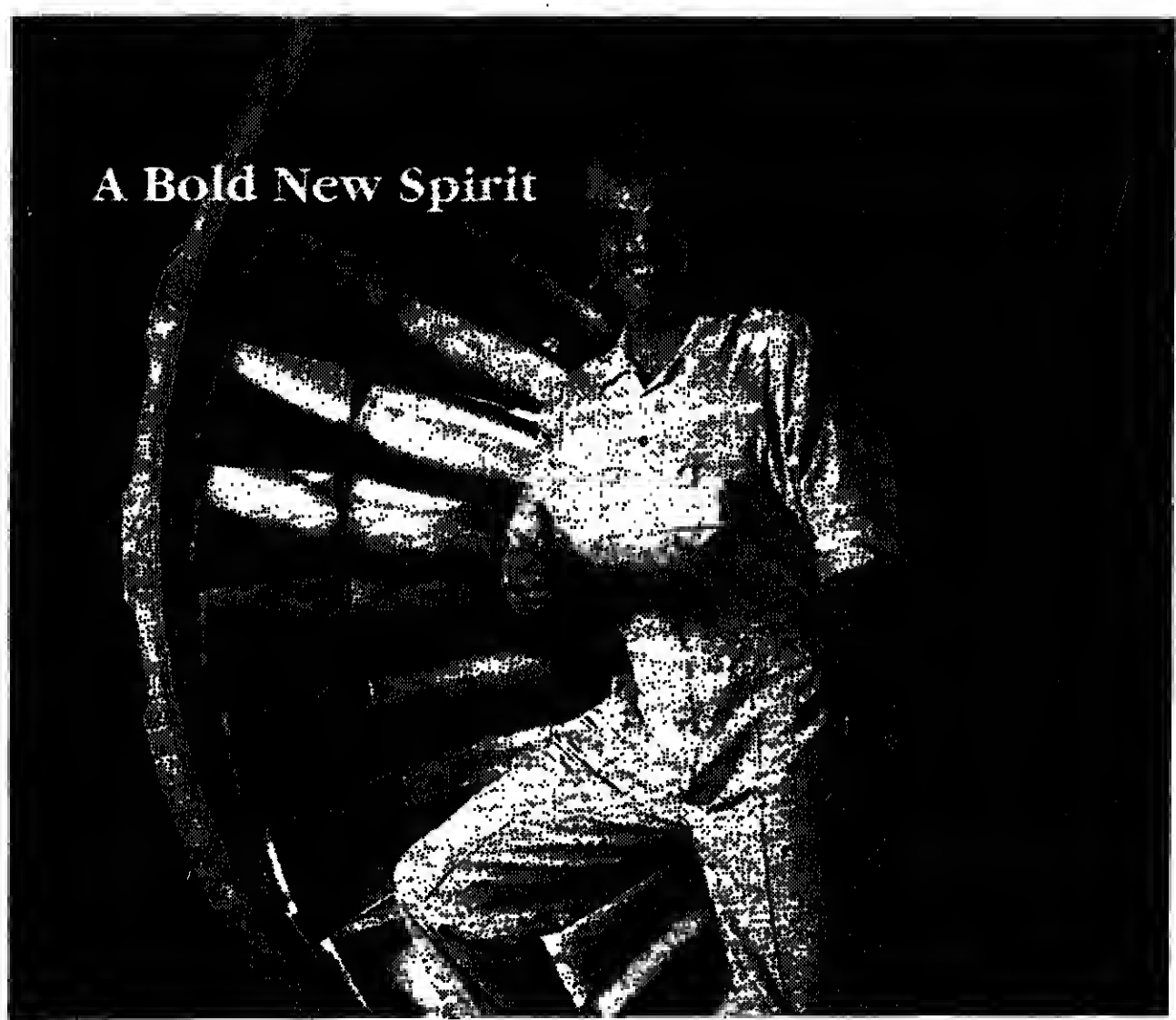
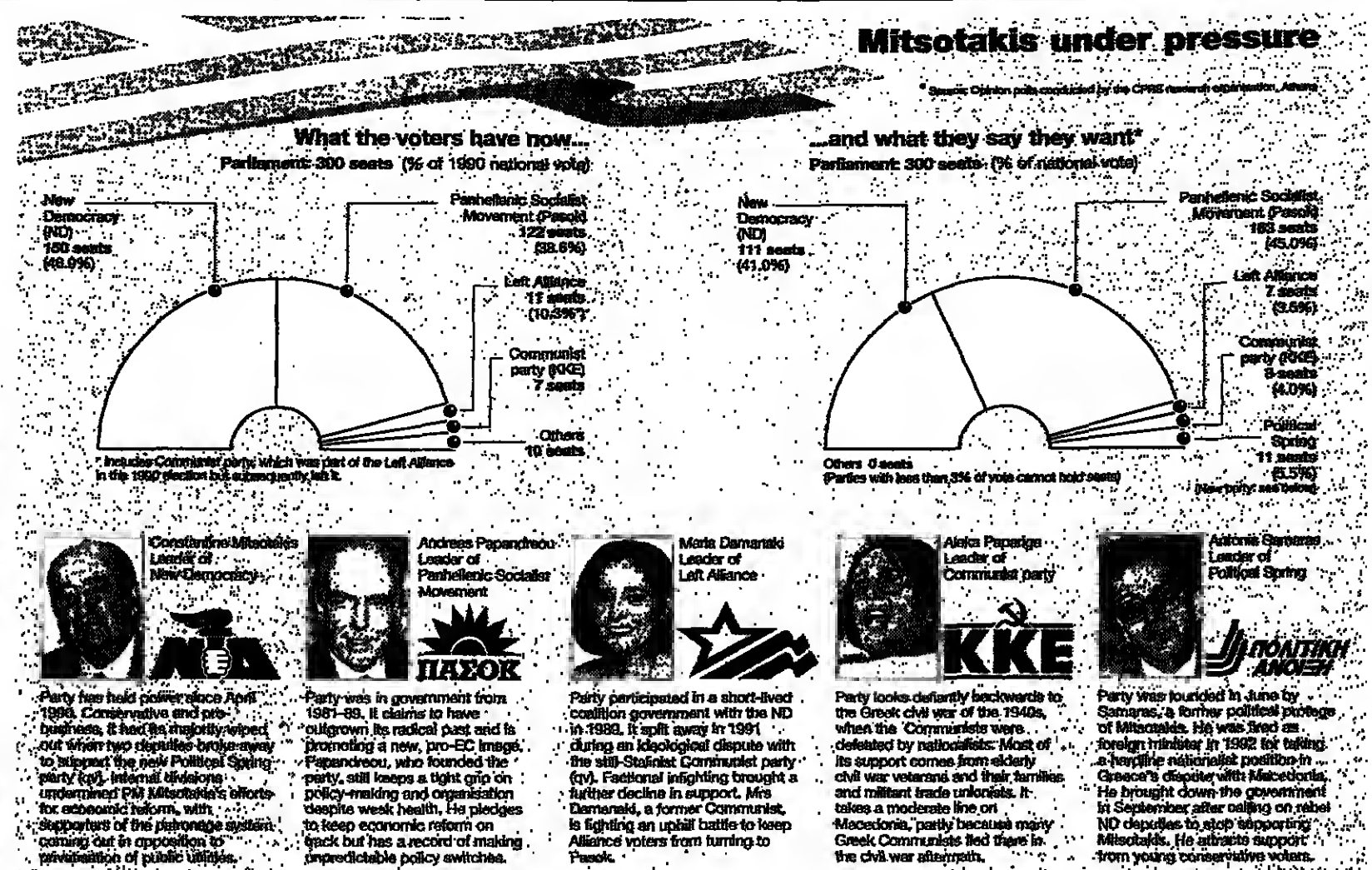
Yet if the conservatives are defeated Mr Mitsotakis can safely blame Mr Antonis Samaras, the former foreign minister, who brought down the government last month by persuading a handful of rebel conservative deputies to defect to his newly founded party, Political Spring.

Political Spring is expected to win about 4 per cent of the vote, taking support almost exclusively from New Democracy.

Mr Samaras, whose headline nationalist proclamations sit uneasily with his calls for modernising Greek institutions, is expected to get most of his votes in large urban centres. In the countryside angry New Democrats have pelted him with eggs, calling him a "traitor".

Two small left-wing parties, Left Alliance, which has been losing voters to Pasok, and the Greek Communist Party, supported by unreconstructed Stalinists, are also forecast to win around 4 per cent.

Mr Mitsotakis, 75, says he will resign the party leadership and retire if he loses power. That would leave Mr Papandreou, his political rival for more than 30 years, free to prepare for his own retirement and bring the long-awaited transfer of power to younger politicians within reach.



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## UN mediator hopes to bring warring parties together

### Georgian side ready for talks

By Frances Williams in Geneva

THE GEORGIAN government has agreed to attend peace talks in Geneva which will try to find a political settlement to the bloody civil war between government forces and separatists from the western region of Abkhazia.

Mr Edouard Brunner, the Swiss diplomat who is mediating the peace talks on behalf of the United Nations, said yesterday the Georgian side was ready to come to Geneva "in the next few days". He hoped subsequently to get both parties around the same table, along with Russia which, he said, had a "legitimate interest" in the outcome.

Mr Djerjgeniya made clear that the Abkhazian leadership was not insisting at the outset on full independence from Georgia. He said this would be for the people to decide, once emotions had cooled and some stability had returned to the war-ravaged region.

Mr Brunner said later that, despite their military success,

Leaders of the self-proclaimed Abkhazian government yesterday concluded two days of talks with Mr Brunner in Geneva. Mr Anri Djerjgeniya, its attorney general, told a news conference that his delegation was ready to "have a dialogue" with the Georgian government. "That's why we're here."

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Mr Brunner said later that, despite their military success,

the Abkhazians were realistic enough to know that they might have to moderate their political demands.

The Geneva peace talks were postponed twice last month because of the renewed fighting in Abkhazia which left the rebels in control of the disputed region.

These hostilities have now ended. However, the Georgian government is facing another armed challenge from insurgent forces supporting the ousted president, Mr Zviad Gamsakhurdia.

Aid agencies say an estimated 200,000 refugees fled Abkhazia during last month's fighting, which shattered a Russian-brokered ceasefire

agreed on July 27. The Georgian government has appealed for helicopters to evacuate up to 50,000 people trapped in the Caucasus mountains where many are already said to have died from cold and hunger.

Mr Djerjgeniya said yesterday that all refugees, of whatever nationality, were welcome to return home. He blamed reported acts of violence by Abkhazian soldiers against ethnic Georgian civilians as the work of "criminals".

Mr Brunner said he had been assured by the Abkhazian delegation that such acts would be sternly dealt with and that 2,000 criminal cases were already pending.

## Swedish banks' bad loans investigated by prosecutor

By Christopher Brown-Humes in Stockholm

THE Swedish state prosecution office is to scrutinise SKr37.8bn (\$4.7bn) of bad banking loans for evidence of wrong-doing and poor business practice.

A total of 156 cases have been passed over to the office by the country's finance inspection board for further scrutiny following its own investigations.

The amount is equivalent to 5 per cent of the total lending of all the banks examined, up until December 31 1992, in the investigation into the bad loans.

The move is part of the fallout from Sweden's two-year banking crisis, which has

brought more than SKr100bn in credit losses and forced the government to provide a safety net for the entire banking system.

The finance inspection board stressed that only some of the cases handed over could be expected to lead to deeper scrutiny by the prosecutor's office. It said it was impossible to calculate the exact amount at this stage.

But the finance inspection board said there was evidence of some loans being obtained by deception, and instances of loans being granted when could face repayment difficulties.

The investigation has covered all Swedish banks which

have sought or received state aid, including Skandinaviska Enskilda Banken, the leading commercial bank, Gota Bank, Nordbanken, Sparbanken Företag, and Föreningsbanken.

In the first instance, the investigation has concentrated on credit engagements dating from 1990, which have caused many of the banks' biggest losses.

The size of the bad loans being investigated varies from SKr15m to more than SKr1bn. Sweden's banking crisis is mainly related to the collapse of the real estate market.

It has resulted in two of the country's leading commercial banks, Gota Bank and Nordbanken, coming under state ownership.

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# Modest fall in German jobless rate

By Ariane Genillard in Bonn

WEST German unemployment fell by only a modest 0.1 per cent last month in spite of expectations that economic activity would pick up after the summer break.

The number of people out of work in west Germany last month was 2.3m, down 26,800 on August. The unemployment rate fell from 7.5 per cent in August to an unadjusted 7.4 per cent. This compares with a 5.8 per cent rate in September last year. The reduction in the number of employed people has continued unabated until now, Mr. Bernhard Jagoda, president of the federal labour office, said.

However, the number of people put on short-time work again increased, jumping by nearly 200,000 to 590,400 last month, and on an adjusted basis the number out of work rose to 2.38m from 2.34m in August. Short-time workers are defined as employees who stay on their companies' payrolls but work less than the normal 38 hours a week. Part of the salary is covered by the federal labour office.

In eastern Germany, the unemployment rate fell slightly from 15.4 per cent in August to 15.2 per cent last month. The number of people out of work in the east is now 1.1m. The number on short-time work remained unchanged at about 143,000, which is some 100,000 more than the same time last year.

The figures confirmed warnings by economists that the recession was lasting longer than expected because of continuing low domestic demand. Leaders of German business associations have been cautioning against government statements forecasting recovery in the coming months.

Meanwhile, the number of people in job creation schemes continued its steady decrease. The federal labour office, faced with a growing deficit now standing at DM7.7bn (£10.9bn), stopped creating new state-subsidised schemes earlier this year. Just over 39,000 people were in job creation schemes in the west, nearly half the number recorded in the same month a year ago. In eastern Germany, 1.4m people were in retraining programmes, down from 1.8m last year.

The labour office said it had saved DM400m in the last six months after introducing stricter controls over recipients of unemployment benefits.

# Legal moves on waste recycling

GERMANY'S ambitious recycling programme for packaging waste faced a new obstacle yesterday after a large dairy company filed a supreme court suit seeking to undermine its key requirements, Reuter reports from Bonn.

A spokeswoman for Alois Müller, a Bavarian dairy company, said the Constitutional Court in Karlsruhe had said it would hear the case. "We have been told verbally the case will be accepted, but we do not have an official written confirmation yet," said spokeswoman, Mrs. Maria Rehbein, of Alois Müller's legal department. However, a spokesman for the court said he believed a decision on the case was still pending.

The case is the latest gesture of opposition to the programme run by a private company, Duales System Deutschland (DSD), which has been criticised by Germany's federal cartel agency and which narrowly escaped a financial crisis this summer. Alois Müller's challenge also echoed mounting calls from industry and environmental experts, including government members of parliament, for incineration to be given a greater role in flattening the mounting dumps.

Alois Müller, which uses mainly plastic containers for milk products it distributes nationally, is challenging a strict 1990 recycling ordinance that requires the private sector to recycle rather than burn or dump most throw-away packaging. "The main point for us is that incineration must be allowed as an alternative to recycling," Mrs. Rehbein said.

She acknowledged it would probably take the court years to reach a decision because of a backlog in cases.

Alois Müller's challenge would undermine a clause of the ordinance which requires 80 per cent of disposable packaging made of plastic, cardboard, paper or metal to be collected and 80 per cent of that to be recycled - provisions that will take effect in 1994.

Under pressure from the new rules, the three sectors involved - packaging makers, retail businesses and waste management companies - last year set up a national network for collecting the waste from homes and recycling it.

# Cocaine seizures in Europe soar

By Andrew Hill in Brussels

COCAINE seized by European customs authorities was up 42 per cent in the first half of this year, on the same period in 1992, customs officials said yesterday.

European officials seized 9,800kg of cocaine in the first six months of 1993, against 6,914kg in the first half of 1992, the Brussels-based Customs Co-operation Council said. The amount of cannabis seized in Europe during the first half of the year also increased, from 80 to 91 tonnes.

The amount of heroin seized decreased in western Europe, but rose in the east European countries, Mr. Georges Davrou, deputy director of the CCC's technical division, said yesterday that it was too early to tell whether the abolition of many of the EC's internal frontier controls on January 1 had had any effect. Customs officials have always argued that more illicit drugs are seized following tip-offs or large-scale cross-border operations than as a result of random checks.

The nine members of the Schengen free-trade accord - all 12 EC countries except Britain, Denmark and Ireland - have pledged to lift remaining passport controls from December. Although it supports the deadline, France, in particular, has expressed concern about the flow of drugs.


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Bosnia's President Izetbegovic with his UN envoy Mohamed Saccibey in New York before addressing the General Assembly

# Bosnian Moslem split widens

CONVINCED that fighting between Moslems in north-western Bosnia will finalise the republic's two-way partition, Serb and Croat leaders observe the escalating violence with barely concealed delight.

They see the first intra-Moslem clashes as proof that the process of fragmentation is unstoppable. There is slim chance, they believe, for Bosnian President Alija Izetbegovic to build his own mostly Moslem state on the ashes of multi-ethnic Bosnia.

Fighting erupted after Mr. Fikret Abdic, the undisputed leader in the north-west region, declared autonomy for this densely populated Moslem heartland. The proclamation prompted Mr. Izetbegovic to order Bosnian army troops to stop the rebellion.

In an attempt to stop his would-be mini-state further disintegrating, Mr. Izetbegovic addressed the United Nations General Assembly in New York yesterday where he protested that Bosnia was being subjected to "political vivisection".

Mr. Abdic's declaration of autonomy in the Bihac pocket was the outcome of 18 months of war. It was encouraged by Serb and Croat nationalists. Mr. Abdic also was keenly aware of tactical backing from the international community. Mediators Lord Owen and Mr. Thorvald Stoltenberg, frustrated by the intransigence of Mr. Izetbegovic, have made no secret of their admiration for Mr. Abdic as a leader ready to make a deal on the republic's partition and buy peace at any price.

The envoys re-invented Bosnia's collective presidency. At the Geneva talks they used Mr. Abdic to weaken Mr. Izetbegovic. On points where Mr. Izetbegovic was particularly vulnerable, Mr. Abdic proved ready to accept Serbian and, especially, Croat demands.

Croatia over the past few months has boldly promoted Mr. Abdic. Soon after Croatian state media launched his propaganda assault on Mr. Izetbegovic, Mr. Abdic announced his break with Sarajevo in the apparent first step towards joining Croatia.

Even before the war, the region, because of its geographical proximity to Zagreb, had close economic ties with the Croatian capital than with Sarajevo. In the shattered Bosnian capital, Mr. Abdic counts for little.

However, he is a hero in his fiefdom, surrounded by Serb rebels in Bosnia and neighbouring Croatia.

He is credited by his admirers for using his political cunning to ensure the survival of his enclave, which has escaped the devastation wrought on the rest of Moslem-held Bosnia. But his detractors say calculating Serbs and Croats are waiting to gobble up the region, intact, later.

In the Bihac area, named after the biggest town, Mr. Abdic is revered for enriching this poor region by building up Agrokomerc, an agro-industrial plant.

His popularity soared after a stint in jail in 1987 for issuing \$300m (£198.6m) in unbacked promissory notes. His opponents call him a white-collar crook while fervent supporters claim he was framed. While fighting between the Bosnian army and troops loyal to Mr. Abdic continues, he boasts, according to the Belgrade daily newspaper Politika, that "Izetbegovic's state is defeated in western Bosnia and it will be defeated in Tuzla and in other parts of Bosnia."

Bosnian Serb leaders over the past month have leaked reports of talks with Mr. Selim Belesagic, mayor of Tuzla, the largest Bosnian stronghold in the north. They gloat about "signals" from Tuzla that the Moslem region is also preparing to break away but to join Greater Serbia.

The international mediators appear to have taken an interest in Mr. Belesagic, stepping up their contacts with him over the summer. Bosnian Serb chief Slobodan Radovic is repeatedly claiming he has messages from European capitals expressing opposition to a Moslem state in Europe.

If Tuzla, too, under pressure of the war and the Serb stronghold, declares autonomy from Sarajevo, Bosnia will be divided between Serbia and Croatia, with nothing left for the Moslems but assimilation or migration.

# French parliament hails return of a Bourbon

By David Buchanan in Paris

A BOURBON - King Juan Carlos of Spain - was back yesterday in the Palais Bourbon, as the classical building which houses France's national assembly on the banks of the Seine was once known.

The star caused by the presence of the Spanish monarch, himself a descendant of Louis XIV, in the French parliament was nothing to do with any royalist revanchism or indeed what King Juan Carlos said; he delivered a 30-minute eulogy on the good state of French-Spanish relations.

The controversy, rather, centred on the fact that Mr. Philippe Séguin, the maverick Gaullist president of the national assembly, had had the temerity to invite, off his own bat, King Juan Carlos to be the first foreign leader to address the French parliament since President Woodrow Wilson in 1919.

As far as the government and the Foreign Ministry in particular, are concerned, the legislature is straying dangerously into the executive's foreign policy patch. Yet Mr. Séguin, who is campaigning to enhance the image of what is one of Europe's weakest legislatures, called the king's visit "a great day" for parliament. Mr. Séguin won praise from flattered MPs of all sides for pulling off his "Juan Carlos" coup, but many deputies are less than pleased by his other moves to make their legislature more business-like. In order to increase flagging attendance, Mr. Séguin has for instance forbidden individual deputies to cast electronic votes for absent colleagues, as they had freely done so in the past.

President François Mitterrand himself shares some of Mr. Séguin's aims, having proposed last spring that the constitution should be changed to give parliament more time and scope to organise its business.

But the Balladur government wanted to limit such a constitutional change. It now finds, however, the other part of the legislature - the Senate which is not even directly elected - is taking a leaf out of Mr. Séguin's book. It has invited Chancellor Helmut Kohl to address it next week.

# Italian bankers on fraud charges

By Robert Graham in Rome

THREE prominent bankers have been arrested on charges of fraudulent bankruptcy relating to the 1991 collapse of Federconsorzi, the powerful Italian agricultural services group.

Federconsorzi was forced into liquidation in May 1991 with outstanding debts of L4,200bn (£1.74bn). These are the first arrests connected with the affair, which caused widespread friction with foreign creditors over full repayment of debts contracted by the agricultural services group.

Those arrested yesterday were Mr. Paolo Bamba, the Federconsorzi chief executive, and Mr. Rosario Corso, a senior member of the management of the leading state-controlled bank, Credito Italiano. It was revealed yesterday that a week ago police arrested Mr. Paolo Lorenti, the financial director of Federconsorzi.

The charges allege that these men abused their positions when Federconsorzi was on the brink of collapse, ensuring that certain bank loans were reimbursed in full prior to the formal liquidation process.

The arrests highlight the increasing involvement of the banking system in investigations into corruption. Earlier this week police arrested Mr. Franco Matera, a senior manager at the Banca Nazionale dell'Agricoltura, for allegedly helping to facilitate a L2.5bn bribe for a contract for nine helicopters supplied to the Italian security forces by Augusta, the state-controlled helicopter manufacturer.

Meanwhile, Milan magistrates have issued an arrest warrant for Mr. Enrico Braggiotti, former chairman of Banca Commerciale Italiana, allegedly in connection with \$50m (£33m) paid to him by the late Mr. Raul Gardini while head of Ferruzzi-Montedison.


■ Greek supreme court prosecutors yesterday dropped their investigation into allegations of wrongdoing in the sale of Heracles General Cement to Italy's Calcestruzzi, court officials said, Reuter reports from Athens.

Calcestruzzi, which is controlled by the Ferruzzi group, bought the major share in Heracles, Europe's biggest cement exporter, in 1992 for \$235m (£149m) in a joint venture with the state-run National Bank of Greece. According to prosecutors, no evidence had been found to justify charges against employees of the state-run company, or any others involved in the sale.

Ferruzzi's financial executive, Mr. Giuseppe Berlina, had alleged that Greek politicians received bribes to expedite the sale of the cement company.

**66 AFTER AN INTENSE AND THOROUGH SITE SELECTION PROCESS, WE FOUND THAT ALABAMA PROVIDES THE BEST COMBINATION OF THOSE FACTORS WE ARE SEEKING: A QUALITY WORKFORCE, A STRONG TRANSPORTATION NETWORK, A UNIVERSITY ENVIRONMENT, BUSINESS VITALITY AND FAVOURABLE QUALITY OF LIFE 99**

HELMUT WERNER  
PRESIDENT AND CEO  
MERCEDES BENZ AG



When Mercedes-Benz announced its decision to locate their first U.S. car plant in Alabama, it marked a further recognition by European business of the state's strategic advantages.

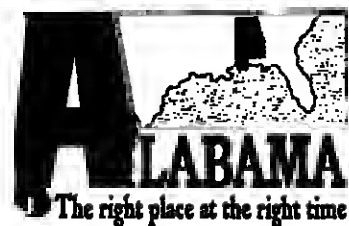
While some location decisions are based on initial perception, Mercedes-Benz took a long hard look at over thirty U.S. states before deciding that Alabama best met its needs for a major manufacturing facility.

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## NEWS: INTERNATIONAL

## Beijing hits at Patten over HK speech

By Tony Walker in Beijing

CHINA yesterday expressed its "regret" over a speech on Wednesday by Hong Kong Governor Chris Patten in which he warned that decisions on arrangements for pending elections would have to be taken in weeks not months.

Mr Wu Jianmin, Foreign Ministry spokesman, said there still remained a "large gap" between China and Britain on the issue, but his remarks were low-key. "We hope that the

British side will take a truly constructive attitude towards the talks so as to narrow the gap as early as possible, and make the talks a success."

Mr Patten, who wants to extend the franchise for local elections in 1994 and for elections to the Legislative Council (Legco) in 1995, told Legco on Wednesday that "we now have only weeks rather than months" to conclude arrangements.

China is bitterly opposed to Mr Patten's proposals, arguing that they

contradict understandings reached in negotiations during the 1980s on the future of the colony, which reverts to Chinese rule in 1997. The 1994 and 1995 elections are the last that will be held before the handover.

Beijing and London have conducted 12 rounds of talks on the future of Hong Kong in an effort to resolve differences over Mr Patten's proposals, but have made little progress. Talks are due to resume in the Chinese capital early next week.

"The Chinese side is of the view the current talks are aimed at a smooth transition in Hong Kong's political system," Mr Wu said. "A bilateral agreement on the 1994-95 election arrangements is the necessary condition for a 'through train'."

This latter reference is to arrangements that would help Hong Kong through the difficult transitional period when London yields control to Beijing.

Legislators elected for four years in 1995 would continue to hold office

after the Chinese takeover, hence Beijing's extreme sensitivity over the possibility that an extended franchise might yield more militant representatives.

Referring to agreements between Beijing and the UK, including the Joint Declaration on the colony's future, initiated in 1984, and the Basic Law of 1990, Mr Wu said that the "essence" of the current dispute was not over whether there should be democracy, but "whether one should honour his word".

## Sihanouk press ban prompts fears on rights

Iain Simpson on reporting restrictions in Cambodia

IN THE first sign of possible restrictions on constitutional rights in post-election Cambodia, the new government has warned journalists working in the country that they should refrain from criticising the newly enthroned King Norodom Sihanouk.

At a press conference Mr Ek Sereyvatth, the deputy information minister, pointed out that foreign journalists have often written critical comments about Prince Sihanouk (as he was until two weeks ago) and said it would be "against our custom to criticise" the king.

The country's new constitution, which was promulgated by King Sihanouk two weeks ago, enshrines freedom of the press, together with freedom of expression and freedom of association. However, diplomats and other foreign residents say they are concerned that the ban on criticism of the king could lead to other restrictions on these constitutional rights.

King Sihanouk's past record of close involvement in Cambodian politics suggests that any full account of political developments in the country would have to reflect his role. Under the new constitution, the king "reigns but does not govern". However, the early signs are that the king is likely to play a much more active part in day-to-day questions than that implies.

King Sihanouk has had a testy relationship with the media since the first time he ruled Cambodia as king during the 1950s. Then, and later when he abdicated to become the civilian head of state, he kept a black list of journalists who were banned from the country and refused to give interviews to any but his favourites.

In recent years, as head of a resistance coalition and then as head of state under the United Nations mandate in Cambodia, he has often responded in detail to what he perceived to be negative reports about him in the local and foreign press.

He now says he has put those days behind him, though. In interviews last weekend, he repeatedly told visitors that Cambodia would have an absolutely free press with no restrictions and no censorship. Mr Ek Sereyvatth insists the idea of restricting criticism of the king was his own initiative, but it seems likely that the idea had at least the tacit support of the king, whose actions have often belied his public statements.

During the 18 months that the United Nations Transitional Authority in Cambodia (Untac) was in the country, the local media flourished and became much more outspoken. With the backing of the UN's own radio station, Radio Untac, Cambodian reporters began to expose corruption and

About 1,000 Cambodian students took to the streets of Phnom Penh yesterday in a peaceful protest against compulsory French language classes at their technical institute, Reuters reports from Phnom Penh.

It was the first mass demonstration seen in the capital since government police and army units bloodily suppressed an anti-corruption protest in December 1991.

The students were angry that French-promised educational assistance to their school was linked to their having to learn the language of their former colonial masters.

Earlier this year King Norodom Sihanouk had pledged that his country, a French colony until 1955, would become a member of the French-speaking community of nations. Many younger Cambodians would prefer to learn English.

to criticise the main political players, including King Sihanouk.

Now that Untac's mandate has come to an end and most UN personnel have left the country, the local media are again exposed to a possible renewal of the bullying tactics of the past. Until the Untac-sponsored election in May, Cambodia was a one-party state and there was no real independence in the media. The one outspoken editor was thrown into jail and his newspaper closed.

One optimistic note in the new environment is that Mr Khieu Kanharith, the editor who was jailed for his independent views, is now the minister for information. Many fear, however, that he may be replaced by a tougher political rival.

The government says it is committed to openness and a free press but when the constitution was being drafted, there was no public consultation and no dialogue between the members of the drafting committee and the public.

Special interest groups and a coalition of Cambodian non-government organisations protested strongly but their views were still not heard by the committee. Now, they point out that the government's commitment to dialogue carries limited weight given the way in which the constitution was written and the unwillingness of members of parliament to listen to the views of the people who elected them.

The government insists it does not intend to widen the ban on criticism of the king to cover ministers or other members of the administration. However, there is already concern that there could be a return to the official and unofficial censorship of the past.

## Fresh setbacks for Australian budget plans

By Nikkai Tait in Sydney

THE Australian government last night suffered a further setback when two of the revenue-raising measures in its proposed budget were voted down by the Senate.

The first measure to be defeated was a proposed increase in wholesale sales tax on wine from 20 per cent to 31 per cent. This has been strongly denounced by both the opposition coalition and by the minority parties (the Democrats and the Green party) which hold the balance of power in the Senate.

The loss of this increased tax revenue would affect the government's revenue calculations for the current year, but by a relatively small amount of some \$70m (\$30m).

The Senate subsequently approved one round of wholesale sales tax increases, but then voted down a proposed second round, due to come into effect in July 1995. The second round of tax increases was rejected by the opposition and the Greens, leaving the crucial vote with the Tasmanian Independent senator, Mr Brian Harbridge. He finally voted against the increase.

Although the outcome of the Senate voting was largely as predicted, it is still unclear

where this leaves the government's finance proposals. Earlier in the day Mr John Dawkins, the treasurer, had insisted that the government would implement the income tax cuts proposed in its budget only when the revenue-raising measures had been passed by the Senate. "This is a package, and it will remain a package as far as the government is concerned," he said.

Mr Dawkins' latest affirmation of the government's determination to link revenue-raising and tax-cutting measures could mean the personal income tax reductions, due to come into effect next month, will be delayed. Should this happen, Mr Dawkins claimed, the opposition could be held responsible.

There was, however, one brighter piece of news for the government yesterday. The nation's unemployment rate fell from 11.1 per cent in August to 10.9 per cent last month, according to the latest seasonally adjusted data. The Bureau of Statistics said 45,100 people found work during the month, although most of the jobs created were for part-time work, and full-time employment rose only slightly. The drop in the unemployment rate was largely in line with analysts' forecasts.



Mike Moore, Labour party leader: preferred prime minister in two polls with about 20 per cent support

## NZ 'headed for close election'

By Terry Hall in Wellington

NEW ZEALAND seems headed for a close general election on November 6, with latest opinion polls showing the opposition Labour party has steadily gained support over the past month through attacks on the government's handling of social welfare issues.

The Heylen One Network News poll says Labour and the ruling National party are neck and neck at 37 per cent, with Labour gaining two percentage

points over the past month. The TV3 Gallup Poll showed the National party at 40 per cent, a drop of seven points since early September, while Labour had gained ground to 39 per cent. The minor Alliance and New Zealand First parties had a combined 20 per cent in both polls.

Mr Murray McCully, government communications committee chairman, said the polls showed that the National administration had no room for complacency. Labour had

gained momentum by "firing all the policy shots" over the past month.

Mr Mike Moore, Labour leader, was the preferred prime minister in both polls, with about 20 per cent support; the incumbent, Mr Jim Bolger, scored 8 per cent, behind Mr Winston Peters, leader of the New Zealand First party, on 17 per cent.

At the November 6 election, voters will also be called on to take part in a referendum to vote on a change in the elec-

toral system. At present New Zealand elections are won on the British first-past-the-post system, which means that the government is elected on the number of parliamentary seats it wins. At a referendum, voters will be asked to choose whether they wish to adopt the German mixed-member proportional system.

The latest polls showed that support for the change was falling slightly, with 46 per cent in favour of the German system and 37 per cent against.

## Ex-BCCI officers face court

By Robin Allen in Dubai

AFTER a two-year investigation by the Abu Dhabi government, 11 former officers of the Bank of Credit and Commerce International are to appear in court at a preliminary hearing in the emirate tomorrow to face charges that include forgery, mismanagement and fraud.

Of the 11, six are British passport holders, four are Pakistani and one is reported to be Canadian. They include former executives of Bank of Credit and Commerce (BCCI), a local bank in which BCCI had a 40 per cent shareholding and the management contract. BCCI has long since been renamed, restructured, and put under new management.

Two key figures from BCCI who are among the 13 facing charges will be conspicuously absent. Mr Agha Hassan Abedi, the founder and former president of BCCI, is an invalid in Pakistan, with which the UAE has no extradition treaty, while Mr Ziauddin Ali Akbar has started serving a six-year sentence following his conviction in London on September 28.

The hearing, and full trial later, could be open to the public though this will depend on a decision of the trial judge. At Saturday's hearing the charges will be read out and counsel for the defence appointed from among several local lawyers.

The case would then normally be adjourned for two weeks while defence lawyers study the charges. But given its complexity, they could ask for more time, especially if they should seek access to more documents.

## Rights abuses 'still continue in Burma'

By Victor Mallet in Bangkok

BURMA's military rulers continue to commit grave human rights abuses against the Burmese people, despite some recent improvements, a report by the human rights group Amnesty International says today.

More than 1,700 political prisoners have been released by the State Law and Order Restoration Council (Slorc) since April 1992. But many others are believed still to be languishing in jail either without trial or after unfair hearings, Amnesty says.

Ms Aung San Suu Kyi, the pro-democracy leader and Nobel peace prize winner, is enduring her fifth year of house arrest in Rangoon. Even those who have been

released are not secure. The Slorc uses the Military Intelligence Services to intimidate and harass real or imagined government critics after they have been freed, the human rights group says.

Amnesty also highlights the plight of members of ethnic minorities. They are routinely seized in their villages and fields by soldiers, accused of supporting guerrilla insurgents and beaten or forced to work as porters.

"Despite some positive steps taken by the Slorc, including the abolition of military tribunals, to respond to international criticism of its human rights record, the human rights situation in Myanmar (Burma) is still grim and needs urgent attention," Amnesty says.

## S African petrol price likely to spark unrest

By Philip Gawth in Johannesburg

SOUTH AFRICA faces renewed economic conflict following the cabinet's unexpected decision to proceed with a petrol price increase in the face of widespread opposition.

The country's main trade unions and commuter taxi organisations have responded by announcing a programme of mass action involving demonstrations, pickets and marches aimed at the government and oil companies. The Consumer Council, Automobile Association and the AHI, representing Afrikaner business interests, have also expressed disappointment at the cabinet's decision.

The dispute disrupts recent multi-party unity on issues of economic policy such as the debt rescheduling agreement and an offer to Gato to simplify and lower tariffs within the Uruguay round of trade talks. It

will raise renewed questions among foreign investors about future economic policy in the country. There has been a considerable surge in investor interest in South Africa following the call two weeks ago by Mr Nelson Mandela, African National Congress president, for the ending of economic sanctions.

In an effort to defuse opposition the government agreed to refer the 4 per cent petrol price increase to the National Economic Forum (NEF), a tripartite body on which business, labour and government are represented. An NEF task-force had recommended this week that the price rise should be suspended for two months from mid-October to mid-December.

President F W de Klerk said the cabinet's decision was "economically justified" and rejected accusations he was merely trying to show that he was not a lame-duck president.

## Evidence links Hani case trio

THE BLACK maid employed by two of the white right-wingers accused of murdering Mr Chris Hani, South African communist leader, gave evidence yesterday linking the two to the alleged killer, Reuters reports from Johannesburg.

Ms Elizabeth Motswane told the Rand Supreme Court in Johannesburg that Police-born Mr Janusz Walus, alleged to have killed Mr Hani with four shots on April 10, visited the home of Mr Clive and Mrs Gaby Derby-Lewis four days before the murder. "I saw Walus seated in the sitting room... he was holding a fire-arm in his right hand, pointing downwards," Ms Motswane said, adding that Mr Walus had breakfast with her employers that day.

All three defendants have pleaded not guilty to the murder of Mr Hani, which plunged South Africa into one of its worst political crises since President F W de Klerk began dismantling apartheid in February 1990.

## Meeting to seek halt to biodiversity loss

By Frances Williams in Geneva

GOVERNMENT officials and environmentalists from about 130 countries will meet in Geneva next week to discuss how to implement an international treaty protecting biological diversity.

The biodiversity convention, signed at last year's United Nations Earth Summit in Brazil, has been ratified by the required 30 nations and will come into force on December 29.

The convention is designed to stem the unprecedented and accelerating loss of the world's estimated 10m plant and animal species and thus its genetic resources. The loss is largely due to destruction of tropical rainforests, which contain roughly half the world's known species.

Ms Elizabeth Dickinson, senior adviser on biodiversity to the United Nations Environment Programme (Unep), said yesterday that on present trends the world could lose a quarter of

all plant species within the next 30 years.

Next week's meeting will be discussing immediate action to halt the erosion of biodiversity and secure its sustainable use, as well as how the measures should be financed.

Ms Dickinson said the main emphasis would be on getting countries to draw up national strategies for biodiversity protection and thereby trying to bring about a change of philosophy. "Instead of saying 'Let's have a park', governments will

look at how incentives built into the economic system encourage people to destroy biodiversity," she said.

The meeting is also expected to touch on the issue of how rich and poor countries should share the benefits from use of genetic resources, which are concentrated in the developing world. This includes technology transfer, granting of access to genetic resources, and the role of intellectual property protection.

Ms Elizabeth Dowdeswell,

executive director of Unep, which sponsors the newly formed interim secretariat for the convention based in Geneva, said yesterday it was imperative to take action now to stop the alarming loss of biological diversity. "The richer the diversity of life, the greater the opportunity for medical discovery, economic growth and adaptation to changing circumstances such as global warming. The variety of life is our insurance policy. Our lives depend on it."

## BUSINESSES FOR SALE

## REPEAT INVITATION TO TENDER FOR THE HIGHEST BID for the Purchase of the Assets of "SPINNING &amp; WEAVING MILLS DEM. LEVENTAKIS S.A." of Athens, Greece

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities" of 1, Skoulouziou Street, Athens, Greece, in its capacity as Liquidator of "SPINNING & WEAVING MILLS DEM. LEVENTAKIS S.A." a company having its registered office in Athens, Greece (the "Company"), which is presently under the status of special liquidation according to the provisions of article 46a of Law 1892/1990 [as supplemented by article 14 of Law 2000/1991],

## announces a call for tenders

for the highest bid by submission of sealed binding offers for the purchase by public auction (the "Auction") of the assets of the Company, as a single whole.

## BRIEF INFORMATION:

The Company was established in 1950 and was incorporated as an S.A. in 1973. Its activity included manufacturing of yarns and fabrics (made of cotton and blends) cotton blankets and towels, dyeing and finishing of fabrics. In 1984, the company went bankrupt and following a bankruptcy settlement, it was re-constituted in 1986 by the Athens First Instance Court's decision No. 15937/1986, and was since under liquidation. No personnel is currently employed. The Company's Assets include: (1) An Industrial Complex at the 12th km of the Athens-Lamia National Road (Metamorphosi-Antika) consisting of Basement of a total area of 7,500m<sup>2</sup> and total volume of 33,750 m<sup>3</sup>, Ground Floor of a total area of 11,100 m<sup>2</sup> and total volume of 49,950 m<sup>3</sup> and First Floor of a total area of 6200 m<sup>2</sup> and total volume of 27,900 m<sup>3</sup> approx., as well as an adjoining building of a total area of 500 m<sup>2</sup>. Above buildings are built on land of an initially total area of 18,665 m<sup>2</sup> approx., which, minus the expropriated land, are presently 15,442 m<sup>2</sup> approx. Relative data on the expropriation are included in the offering memorandum.

(2) mechanical equipment consisting of Spinning and Weaving Units, Dyeing and Finishing Units. (3) various other assets such as technical installations, office equipment, made marks etc and (4) various other lots of land situated in Kifissia area (Metamorphosi) of a total area of 17,500 m<sup>2</sup> approx.

## OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain an OFFERING Memorandum in respect of the Company and the assets thereof and any further information, upon execution of a confidentiality agreement.

## TERMS AND CONDITIONS OF THE AUCTION

- The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions. Submission of offers in favour of third parties to be appointed at a later stage shall be accepted under the condition that the liquidator is making this respect upon the submission and that the offeror shall give a personal guarantee in favour of such third party.
- Bidding Offers:** For the participation in the Auction interested parties are hereby invited to submit binding offers, not later than the 2nd of November 1993, 11:00 hours, to the office of the Athens Notary Public Mr. Evangelos Drakopoulos, 19, Voulkourentou Str. Athens, Greece. Offers should expressly state the offered price and the detailed terms of payment (in cash or in instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate). In the event of no determination of a) the way of payment, or b) whether the instalments bear interest and c) the interest rate, then it shall be deemed that a) the offered price is payable immediately in cash, b) the instalments shall bear on interest and c) the interest rate shall be the legal rate from time to time in force (presently 51% yearly). Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
- Letters of Guarantee:** Binding offers must be accompanied by Letters of Guarantee, for an amount of drs. Two Hundred and Fifty Million (250,000,000), issued, in accordance with the draft form of Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to be valid until the adjudication. Letters of Guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the Letters of Guarantee shall be forfeited as a penalty.
- Submissions:** Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
- Envelopes:** Envelopes containing the binding offers shall be sealed by the above mentioned Notary Public in his office, on the 2nd of November 1993, at 14:00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
- As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of a discount interest at an annual rate of 22% compounded yearly.**
- The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the Auction. Neither the liquidator nor the Notary Public shall have any liability for any legal or actual defects of the assets. Submission of binding offers shall not be deemed to constitute any right for the adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in the Auction against the liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

FOR OBTAINING THE OFFERING MEMORANDUM AND FOR ANY FURTHER INFORMATION PLEASE APPLY TO THE LIQUIDATOR'S ATTORNEY IN ATHENS: MR ANTHONY MARKEZINIS AT 25, AKADIMIAS STR. ATHENS 106 71, GREECE, TEL: +30-1-36 15 594, FAX: +30-1-36 25 750.



## Clinton to send 5,000-strong reinforcements but plans pull-out by April

# More troops for Somalia

By Jurek Martin in Washington

US congressional leaders confirmed yesterday that President Bill Clinton plans to send more than 5,000 additional troops to Somalia, but to have ended the US military presence there by the end of next March.

The contingent, which would more than double the current US military presence, would be composed of about 1,700 infantry in Mogadishu and 3,600 Marines stationed offshore and available for rapid intervention. Its mission would be more offensive than logistical and its firepower, it can be safely assumed, would be trained on the forces of General Mohammed Farah Aided, the Somali factional leader.

Mr Clinton will also send Mr Robert Oakley, a veteran diplomat and former President George Bush's envoy there last year, back to Somalia to promote a political dialogue between the clans and factions. Mrs Madeleine Albright, US ambassador to the United Nations, has also been instructed to impress with renewed vigour the importance of a political solution on Mr Boutros Boutros Ghali, the UN secretary general, who is himself to visit Mogadishu next week.

Mr Clinton had no immediate comment after a two-hour White House session with leaders of both parties in Congress described by other participants as "spirited" and "divided". Several participants reported that the president would

address the nation on his Somali policy, probably today. Senator George Mitchell, the Democrat majority leader, and his Republican opposite number, Senator Bob Dole, both said Mr Clinton needed to lay out with some clarity what US policy in Somalia was. Mr Dole added that US credibility could be damaged by a precipitate retreat.

Mr Dole was also exercised by the need for US military activities in Somalia to remain under US, not UN, control.

The president's ideas did not satisfy all those he invited to the White House. Senator Robert Byrd of West Virginia, the veteran Democrat, threatened to introduce legislation forcing a complete US troop withdrawal by the end of the year at the latest.

Compounding problems for the administration are post-mortems over why last week-end's raid on the forces of Gen Aided went so badly wrong. There were unconfirmed reports yesterday that last month General Colin Powell, just retired as chairman of the joint chiefs of staff, had requested additional fighting vehicles for the Somali operation but had been turned down by Mr Les Aspin, the secretary of defence.

It was announced yesterday that another serviceman had died from injuries suffered in last week-end's raid, bringing the death toll to 12. There were also reports that at least one more American had been killed in action in Mogadishu yesterday.



A US M1-A1 Abrams tank is loaded onto an aircraft in Himeville, Georgia, for transport to Somalia.

## US forces must run own show, say congressmen

By George Graham in Washington

THE mounting US death toll in Somalia has redoubled demands in Washington that the US assert control over operations involving its troops.

Members of Congress slammed home the message to President Bill Clinton in a meeting at the White House yesterday morning that their limited tolerance for a continued US presence in Somalia would be greatly reduced if they could not be assured that US forces would remain under US command.

"My point was to ensure that this was an American plan and was going to be controlled by Americans," said Senator Bob Dole, Republican leader in the Senate, after the meeting. US forces have in practice almost always remained under the ultimate command of a US officer. From General Dwight Eisenhower in the second world war, by way of Gen Douglas MacArthur and Gen Matthew Ridgway in Korea, to Gen Norman Schwarzkopf in the Gulf, the US has provided the commander-in-chief for a series of multinational operations.

It continues by tradition to appoint the Supreme Allied Commander in Europe (SACEUR) of the North Atlantic Treaty Organisation.

It becomes more difficult to insist on US command of a particular operation, however, while at the same time seeking to minimise the size of the US commitment.

Already this summer, members of Congress with big military bases in their districts returned from recess with questions about the command structure under which US troops were operating in Somalia. Last Sunday's bloodshed has reinforced US doubts about the wisdom of ceding control of their troops.

Specific complaints about muddled chains of command, language problems and incompatible tactics have merged with long-held US suspicions, dating back to U Thant's term as United Nations secretary general in the 1960s, about whose side the UN is on. US concerns have been further coloured by occasionally xenophobic views on the reliability of troops from other nations taking part in the UN force. Some US newspapers questioned the willingness of Malaysian and Pakistani troops to come to the rescue of US soldiers trapped in Sunday's bloody fighting in Mogadishu.

The command issue has already arisen in Bosnia, where the US has sought to insist on Nato's leadership - and so, de facto, a US commander in chief - while France has argued that the Saceur command structure is inappropriate for peacekeeping operations and asserted UN supremacy.

It is certain to recur in other conflicts as the US seeks to diminish its own leadership role and rely more on multinational efforts to promote and maintain peace.

## Caracas bombings linked to share price manipulation

By Joseph Mann in Caracas

VENEZUELA'S police believe a small group of people placed at least one of a series of bombs that exploded in the capital city in recent months in an attempt to manipulate Caracas stock exchange prices, according to local press reports yesterday.

If the theory proves to be true, it would represent one of the most audacious cases of stock manipulation on record. Mr Carlos Delgado Chapellin, minister of the interior, said people with "links to Venezuela's financial sector" were suspected of planting a car bomb that damaged a Caracas shopping centre on August 18.

The authorities also suspect that the group, reported to be made up of at least five civilians, two navy officers and a member of the state security police, were behind other bombings in a series which began in mid-July. It was widely believed that the bombings were politically

motivated and aimed at destabilising the government. No one has admitted to them.

However, the police are now looking at the theory that the group planted at least one bomb to depress share prices on the already nervous Caracas exchange.

They then bought shares at low prices, and sold when they recovered. The authorities are said to believe the bombings may also have been used to manipulate the price of Venezuela's external debt bonds on international markets.

However, the police have not rejected the possibility that one or more of the bombings (especially a July 19 letter bomb blast at the High Court which injured an employee) were indeed carried out for political purposes.

The bombings came at a time of social and political unrest in Venezuela. The country weathered two attempted coups last year and has been in a state of political turmoil for over two years.

## Nobel prize for Toni Morrison

By Hugh Carnegie in Stockholm

TONI MORRISON, the American novelist, yesterday became the first African-American and only the eighth woman to win the Nobel prize for literature.

The Swedish Academy of Sciences, which since 1901 has awarded the annual prizes bequeathed by industrialist Alfred Nobel, said Ms Morrison's work, mainly concerned with racism in the US, depicted the lives of "blacks as the people they are".

Through novels "characterised by visionary force and poetic import [she] gives life to an essential aspect of American reality", the academy

said. Ms Morrison, professor of humanities at Princeton, was a surprise choice because the prize had gone to writers in English in the previous two years. The West Indian poet Derek Walcott won last year, preceded by Nadine Gordimer, the South African novelist.

Ms Morrison, 62, is the 10th American to win the prestigious prize, worth SKr6.7m (\$553,000). In a statement issued by her US publishers, she said: "I am unendurably happy. I, of course, am profoundly honoured. The most wonderful thing for me personally is to know that the prize has at last been awarded to an African-American."

A teacher of literature, Ms Morrison has written six novels

and a number of essays in which the themes of racism, slavery and segregation are often conveyed in violent images. Her novel *Beloved*, published in 1987, won a Pulitzer prize. The Nobel judges said Ms Morrison, born Chloe Anthony Wofford in Lorain, Ohio, strove to free language from "the fetters of race".

Her work had its roots in the work of William Faulkner - a Nobel laureate in 1949 - and other writers from the American south. It was "unusually finely wrought and cohesive, yet at the same time rich in variation." They described her 1992 book *Jazz* as richly complex, which sensuously conveyed characters and moods.



Toni Morrison: eighth woman to take prize

## States bring forward primary dates

By Jurek Martin

THE US presidential party primaries of 1996 promise to be less of a marathon as a result of action taken recently by several states bringing forward election dates.

This week Governor Pete Wilson of California signed into law a bill setting the last Tuesday in March, rather than the first in June, as primary day. Last week Governor George Voinovich of Ohio did the same with a bill that would have his state vote on the third Tuesday in March, the same as Michigan and Illinois, rather than in mid-May. Wisconsin and Pennsylvania may follow suit.

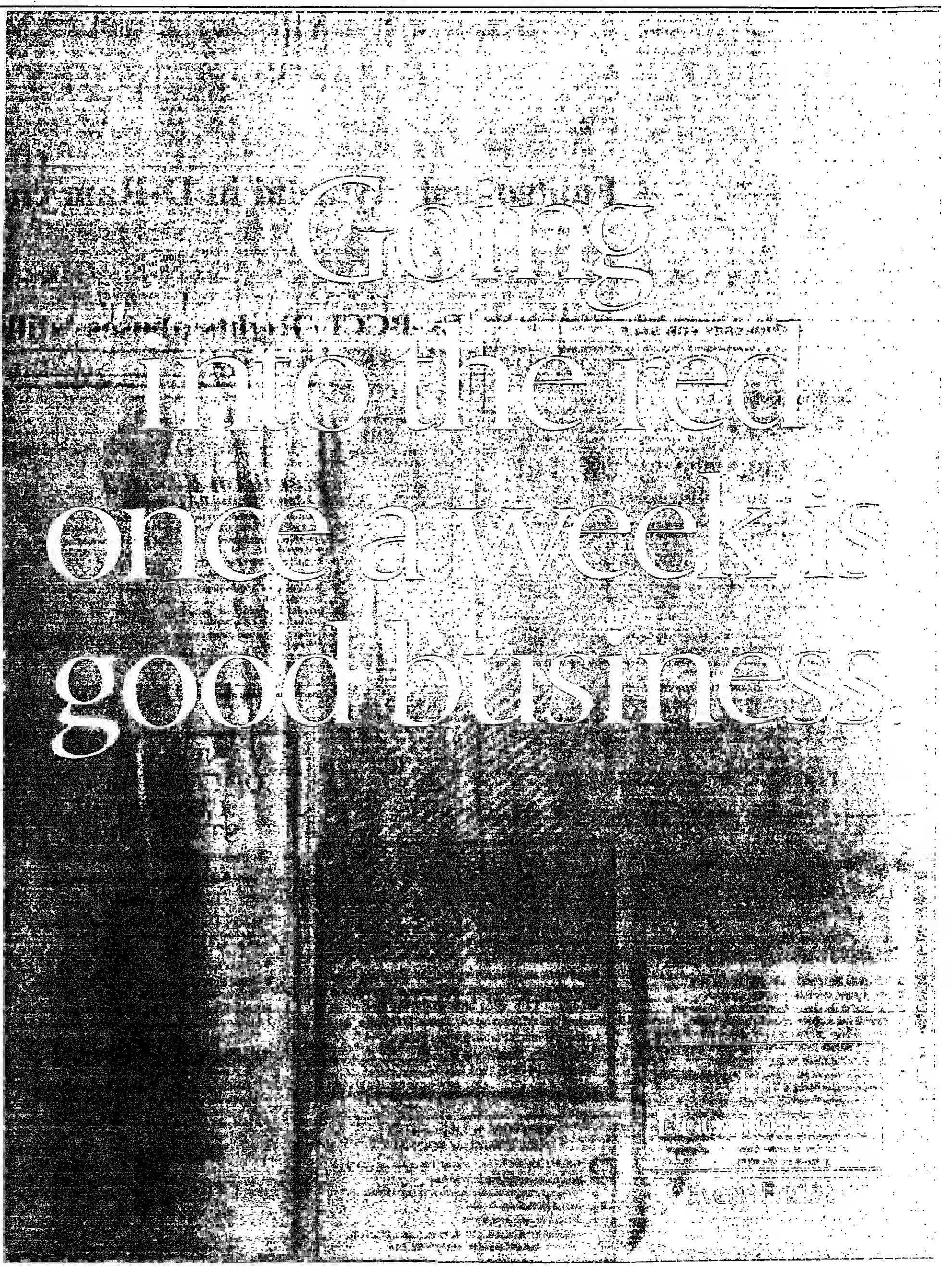
March now looms as a pivotal month, with in effect three regional primaries - the south at the start of the month, the Midwest around the middle and California, the highest state, in the west at the end.

Mr Voinovich pointed out that presidential candidates make promises in primaries which may be redeemed if they get elected. "Why should they spend all their time in New Hampshire and Iowa [which hold the first primaries and caucuses], when they're pea-pods in terms of electoral clout and population?"

States with late primaries have indeed felt left out. California has not held a truly decisive primary since 1972.

Experts are divided on the impact of shortening and front-loading the primary season. It may help the well-organised and well-financed, especially an incumbent. President George Bush, for example, would not have been as embarrassed for so long by the sniping attacks of Mr Patrick Buchanan, his right-wing challenger. But an unpopular front-runner or incumbent could get knocked out very early.

Regional candidates from the south, like Messrs Carter and Clinton, will probably have less time to establish themselves nationally. But western hopefuls at least get an earlier crack at the biggest state of all, itself prone to populist appeals.





## NEWS: WORLD TRADE

## EC in Japanese market protest

By Michio Nakamoto in Tokyo

THE EC has criticised Japan for dragging its feet on market access measures and warned that, unless there was stronger commitment from Japan, the Uruguay Round negotiations were in danger of not being concluded in time.

Mr Alexander Schaub, deputy director-general in charge of industry at the EC, said that in a meeting with officials from the Japanese Ministry of International Trade and Industry, the EC made it clear that Japan would need to make a greater effort to help the Uruguay Round towards a successful conclusion.

Japan has not shown determination to push forward discussions on market access for textiles or on the multilateral steel agreement (MSA). Both are part of a market access package agreed at the quadri-lateral trade talks between the US, Canada, Japan and the EC in Tokyo this summer, which it is hoped will propel the wider Uruguay Round talks to a successful conclusion.

Meanwhile, the EC is also pursuing its own independent trade talks which were agreed with Japan last January. The Trade Assessment Mechanism, as the talks are known, is aimed at identifying sectors in which EC companies have been successful internationally but have shown a "striking underperformance" in Japan.

Once the sectors are identified the two sides will analyse the reasons behind that under-performance.

EC and Japanese officials were, however, in closer agreement on the need for an anti-harassment clause, in light of recent activity by the US steel industry.

"If there is anything like harassment, it is the way in which the American industry has launched dozens and dozens of complaints and created a climate of permanent threat," Mr Schaub said. "This is the kind of proceeding we would like to avoid. It is not about taking away legitimate instruments of trade but about limiting the risks of abuse."

## Mondale presses Tokyo on rice

By William Dawkins in Tokyo

THE US yesterday increased pressure on Japan to reduce its trade surplus, in the week before a fresh round of trade talks.

There was "fundamental agreement on foreign policy and security issues" between the US and Japan, "yet it is urgent that we correct the economic imbalance between us," said Mr Walter Mondale, US ambassador to Japan.

Mr Mondale also urged Tokyo to remove its traditional ban on imported rice and allow foreign rice sales subject to import duties. Japan should accept a proposal in Gatt's Uruguay Round to replace all non-tariff barriers to agricultural trade with tariffs: this would be "good for Japanese farmers and consumers", said Mr Mondale.

The first round of talks in Hawaii last month, to implement the framework trade and economic accord struck last July, in which Japan has undertaken to try to curb its record trade surplus, was only a preliminary. "Serious negotiations" would begin in Tokyo next week when both sides meet again, said Mr Mondale, speaking at his first press conference since taking the Tokyo post in August.

This comes as Japanese politicians are beginning to show flexibility on rice imports, which already happen in small amounts but are regarded as taboo. Mr Morihiro Hosokawa, recently elected premier, still benefits from record popularity ratings, and has hinted that Japan should consider lifting the ban. The question has been given fresh relevance by a bad harvest, obliging the government to allow 200,000 tonnes of emergency imports of industrial grade rice, the first for nine years.

But for the time being, the Tokyo government is officially abiding by a unanimous parliamentary resolution against foreign rice and feels under no pressure to discuss rice in Gatt until the EC and Japan resolve their own differences on farm trade.

## General in the war for free trade

Frances Williams on Gatt chief who leaves nothing to chance in his quest for a Uruguay Round deal

WITHIN a month of his arrival in July as head of the General Agreement on Tariffs and Trade, Mr Peter Sutherland put the world trade body on a virtual war footing. With what is now generally agreed to be the final deadline for the Uruguay Round of trade liberalising talks just 10 weeks away, he is leaving nothing to chance to secure a successful outcome.

Once a week and sometimes more often, a dozen close aides gather in Mr Sutherland's office overlooking Lake Geneva to take stock of the final stages of the negotiations and to plan strategy for the coming days and weeks. Where are blockages emerging? Which countries need chivvying? Should certain delegations be brought in for consultations with Gatt staff? Would a telephone call from Mr Sutherland to the relevant minister be helpful?

"We are looking at anything that would drive the process forward," says one member of the strategy group. It includes Mr Richard O'Toole, Mr Sutherland's chief of cabinet (who performed the same function in Brussels in 1985-86 when Mr Sutherland, an Irish lawyer, was EC competition commissioner), the three deputy directors general and senior staff responsible for specific areas of the Uruguay Round negotiations.

Mr Sutherland argues that if no deal is reached by the December 15 deadline, when US negotiating authority expires, the seven-year-old round is doomed. This, he believes, would be a disaster not only for world growth prospects but for global economic security and political stability.

He has already met ministers from most leading industrial countries and Latin American countries, visited Chancellor Helmut Kohl of Germany and Mr Edouard Balladur, the French prime minister, to discuss the critical issue of farm trade reform. He has also been in regular contact with Sir Leon Brittan, the EC's trade commissioner, and Mr Mickey Kantor, US trade representative.

A collapse of the negotiations would not mean a continuation of the status quo but a disintegration of the present system of trading rules and an upsurge in trade conflicts and protectionism, with dangerous consequences for economic and political reform in the developing world and eastern Europe.

Mr Sutherland's central message to world leaders is that the Uruguay Round is not an "optional extra" but "arguably the most important and urgent issue on the world agenda today".

"It's a softening-up period designed to get people desperate for a deal," says one insider. "We're trying to create a climate for negotiation that will ensure the flexibility needed to conclude the round successfully."

So far this campaign has had two principal dimensions - an unprecedented effort to spread the word through the news media and a gruelling personal travel schedule for Mr Sutherland. By the end of October, he will have met ministers and sometimes heads of government of virtually every important trading nation.

He has already met ministers from most leading industrial countries and Latin American countries, visited Chancellor Helmut Kohl of Germany and Mr Edouard Balladur, the French prime minister, to discuss the critical issue of farm trade reform. He has also been in regular contact with Sir Leon Brittan, the EC's trade commissioner, and Mr Mickey Kantor, US trade representative.

Singapore for talks with ministers from the Association of South-East Asian Nations, and later this month he will travel to Tokyo to see Mr Morihiro Hosokawa, Japan's prime minister.

Mr Sutherland has used these opportunities to give dozens of speeches, news conferences and press interviews and to use his considerable gifts of persuasion to sway opinion-formers behind the scenes.

During his recent trip to the US, for instance, he "spoke to just about everyone who makes or influences US decisions on trade," according to one observer, including Mr Kantor, congressional leaders, business groups and journalists.

Another tactic has been to publicise the far-reaching benefits of a Gatt deal to counter the noisy but limited interest groups demanding trade protection. A first well-timed and telling fact sheet issued just before the Group of Seven summit in Tokyo in July stressed the role of trade in creating new and better jobs in industrialised countries. A second, released in August, drew attention to the high and often hidden costs of trade protection for consumers and taxpayers.

In the next, even more difficult, stage of his overall strategy, Mr Sutherland will be hoping to translate the political desire for a Uruguay Round agreement into the concessions necessary to secure it.

He has already warned the US and EC that the onus is on them to make the Round a success. But he is urging all governments to be more forthcoming in the critical negotiations under way in Geneva on



Sutherland: son of Gatt goes forth to war

improving market access for foreign goods and services, and has called for restraint in trying to open up the draft accord on fair trade rules compiled in 1991 by Mr Arthur Dunkel, his predecessor.

For the moment, the main priority is to get a wide-ranging package of tariff cuts and other market-opening measures that will give the US participants tangible benefits from the Round. This, it is hoped, will pave the way for difficult

concessions on the rules, including the "multilateralisation" of the troubled US/EC Blair House accord on farm subsidies.

Mr Sutherland concedes there is still a "substantial risk" the talks could founder. If so, it will not be due to lack of effort on his part. He and fellow-lawyers Mr Kantor and Sir Leon have the ability to reach a deal, says one seasoned Gatt-watcher. "If these guys can't do it, nobody can."

## Move to relaunch Asian trade zone

By Victor Mallet in Bangkok

SOUTH-EAST Asian governments have announced plans to relaunch the Asian Free Trade Area (Afta) after a year of bagging little headway in reducing tariffs.

Ministers from the six members of Afta - the Association of South-East Asian Nations, comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand - are meeting in Singapore this week to discuss regional and international trade matters.

Afta announced in Singapore that member states would start implementing tariff cuts for intra-Afta trade from January 1 1994, to show the private sector that the six countries were serious about moving towards Afta.

Officials said that a timetable would be issued in November.

The original plan agreed in 1992 was to begin reducing tariffs at the start of this year to create a free trade area in 15 years, but the agreement did not tie the signatories to a precise timetable. Most governments, under pressure from uncompetitive national industries protected by high tariffs, delayed the cuts and announced long lists of products they were excluding from the scheme.

Afta said there had now been "improvements to the commitments of member countries", although Afta's officials show little change for the better.

Malaysia, for example, appears to have sharply reduced the number of product categories it is submitting to the Afta tariff cuts, partly because it has dropped processed agricultural products for the time being and partly because of bureaucratic changes to the way products are consolidated into different tariff categories.

Previously, Malaysia has warned other Asian countries not to take advantage of what it calls "Malaysia's generosity".

## Fujitsu and Hyundai in D-Ram chip venture

By Michio Nakamoto

FUJITSU, the Japanese computer and telecommunications company, and Hyundai Electronics, part of the South Korean Hyundai Business Group, have agreed to collaborate in the manufacture of semiconductor memory chips.

Fujitsu said they would work on 4-megabit and 16-megabit dynamic

random access memory (D-Ram) chips. The move reflects the changing order in the memory market, where Japanese semiconductor makers once held pre-dominance. Last year, Samsung, another Korean company, overtook Toshiba of Japan as the world's largest manufacturer of D-Rams.

The move to next-generation D-Rams involves huge investments which Japanese companies, under pressure both at home and abroad, cannot now afford to make. As a result, Korean semiconductor makers have led in the race to invest in 16-megabit D-Rams and those unable to do so have set up alliances which often span national borders.

"It's a good move for Fujitsu because it can't really afford to spend so much money on D-Rams," commented Mr

Phua Lee-Kerk, analyst at Barings Securities. Mr Phua said that in the long run D-Ram makers could be reduced to five: NEC and Toshiba from Japan, Samsung and Goldstar from Korea, and Texas Instruments from the US. Fujitsu and Hyundai also agreed to explore the potential for collaboration in developing future generations of D-Rams.

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Move to relaunch Asian trade zone

Victor Mader in Bangkok

OUTH-EAST Asian governments have announced plans to relaunch the Asian Free Trade Area (AFTA) after a year of stagnation during which they have made little headway in reducing tariffs. Ministers from the six members of ASEAN - the Association of South East Asian Nations, comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand - are meeting in Singapore this week to discuss regional and international trade matters. Asean announced in Singapore that member states would start implementing tariff cuts for intra-Asian trade from January 1 1994. To show the free trade sector that the six countries were serious about moving towards AFTA, officials said that a timetable would be issued by November. The original plan agreed in 1992 was to begin reducing tariffs at the start of this year to create a free trade area in 10 years, but the agreement did not see the signatures of all six members. Under pressure from the United States, the six countries agreed to start reducing tariffs in 1993. The plan was to reduce tariffs on 500 products by 1994, 500 more by 1995 and 500 more by 1996. The plan was to reduce tariffs on 500 products by 1994, 500 more by 1995 and 500 more by 1996. The plan was to reduce tariffs on 500 products by 1994, 500 more by 1995 and 500 more by 1996.

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Thatcher role alleged in Iraq exports affair

By Jimmy Burns

BARONESS THATCHER was placed at the centre of the arms-for-Iraq affair yesterday when the Scott inquiry revealed evidence for the first time that as prime minister she appeared to have approved the export of British machine tools used to build up the Iraqi military capability.

A memorandum written by a senior Whitehall official to Lord Trefgarne, minister for defence procurement, in December 1988 reported that the government had approved

the export of 50 lathes which intelligence had indicated were to be used for making shells and missiles. "The prime minister agreed that in order to protect the intelligence source the licences already granted should not be revoked," said the memorandum which was written by Mr. Allen Barrett, a Ministry of Defence official who was responsible for vetting export licences to Iraq states.

The Scott inquiry obtained the document from the Ministry of Defence, which together with the rest of Whitehall and

ministers has been told by Mr John Major, the prime minister, to co-operate fully. Lord Justice Scott's office said last night that the involvement of Lady Thatcher had not been mentioned in any of the documents provided by her advisers or Downing Street. Lady Thatcher, Mr Barrett and Lord Trefgarne are to be pressed to explain.

It also emerged that the document was not made available by Whitehall during the trial last year of three executives of Matrix-Churchill, the Midlands based machine-tools company

whose exports are the subject of the memorandum. The three executives, one of whom, Mr Paul Henderson, had worked for British intelligence, were charged with breaching export controls. Their defence argued that they had done so with the full knowledge of the government. The trial collapsed following an admission by the Customs and Excise Department that the case against them could not be sustained.

Mr Kevin Robinson, solicitor for Mr Henderson, said last night: "I cannot understand

why the document was not disclosed at the trial. It may be that the reference to the prime minister was one of the reasons. It wasn't disclosed because it might have been thought unduly sensitive or embarrassing."

Mr Henderson described the apparent withholding of the document from his trial as "disgraceful". He said that in February 1989 his company had exported a further batch of machine tools for munitions. A third batch was approved just before the invasion of Kuwait following problems of financing

arranged by the Atlanta branch of the Banca Nazionale del Lavoro. All the exports had government approval. Extracts from the document were read out at the inquiry yesterday during the questioning of Mr Ian McDonald, who was Mr Barrett's immediate superior at the MoD at the time. Mr McDonald expressed what he called "honest puzzlement" at the reference to Lady Thatcher, after saying that he had approved the memorandum. "I cannot think that the prime minister was involved," he said.

Britain in brief



Irish back inquiry into Thorp plant

The Irish government has thrown its weight behind those calling for a public enquiry to be held before the Thorp nuclear reprocessing plant at Sellafield in north-west England is granted revised authorisations for radioactive discharges by the UK government. It said there "is no sound economic case" to be made for going ahead with the project. Mr Brian Cowan, the Irish minister for transport and energy, took the step yesterday of publishing his government's second submission made to the UK authorities. He said the move was due "to the concerns and fears held in this island regarding Sellafield... I wish to highlight and reinforce with our EC colleagues the Irish government's concerns and misgivings regarding the British nuclear industry and the Sellafield plant in particular."

The submission says: "There are no demonstrable overall economic or security benefits arising out of Thorp's operation which would justify it or balance out possible and likely risks to public health and environmental damage. "A narrow base of benefits to British Nuclear Fuels or the UK economy alone is not a sufficient justification."

Oil contract case heard

A former engineer with Shell was jailed for 12 months at a London court for accepting bribes to influence the awarding of a contract for a floating accommodation vessel to be used in the North Sea at the Gannet oil field. The conviction followed investigations by the Serious Fraud Office into corruption in the awarding of contracts in the North Sea oil fields operated by Shell and British Petroleum.

Canary Wharf challenge

The High Court hearing of Ogilvy & Mather's legal challenge to the proposed refinancing package for Canary Wharf was adjourned yesterday until October 18th. The advertising agency is claiming the package does not secure its long-term interests.

VAT threat to bus routes

The imposition of value added tax on bus fares could put many operators out of business and lead to 15,000 job losses in the industry, the Bus and Coach Council warned. The council, representing operators and manufacturers with a combined annual turnover of £4bn, said such a move in next month's Budget would drive passengers off bus services and force operators to raise fares by more than 30 per cent to maintain their profit margins. Industry executives yesterday told Mr Roger Freeman, the transport minister, that increased taxation would make services operated by many companies unviable and leave no room for investment in new models.

New Cornish dictionary

The first new Cornish language dictionary for nearly 40 years was launched today. It was researched and edited by Dr Ken George, an ocean sciences lecturer at the University of Plymouth. The main version contains 9,000 words, with two-way Cornish/English and shorter pocket versions to follow. The Celtic Language Board is publishing the dictionary, which has an initial print run of 500, with the help of a £16,700 grant from the European Community. The Cornish language, which is thought to have originated around 600 AD, and died out in the 1700s, is enjoying a revival and is taught in seven schools in the south-western county as an extra-curricular subject. The Celtic languages, Welsh, Gaelic, Irish, Cornish, Manx and Breton, are among the oldest in Europe.

How the pirates get on board

Ray Snoddy on European laws and satellite TV decoding

YESTERDAY'S discovery of a European pirate satellite decoder network has focused attention on the technical and legal framework in which such a business can operate.

Mr John Spencer, an engineer who is UK marketing director of GI, the US electronics group, knows well the pirates' work. Several years ago GI suffered a serious piracy problem in the US and four million decoder boxes had to be replaced.

The GI executive says the most effective pirate equipment he has seen was based on an Intel chip inserted into the decoder box itself. It is now cheap and inexpensive, he believes, to get pirate microchips manufactured from a floppy disk carrying the configuration of the system.

The VideoCrypt system introduced in 1989 is hailed by BSKyB for its "unmatched high security and unmatched flexibility". It randomly cuts each of the hundreds of tiny lines in the television picture and transposes them. Information on the scrambling sequences and control is carried in spare lines of the picture.

The security features lie in the "smart card" rather than the decoder box. The decoder establishes the legitimacy of



They Can't Gag Us, said the Daily Mirror, then agreed not to publish any more of what it claimed were the Thatcher memoirs

No kiss this year for the Baroness

By Roland Rudd

SHE had come to see her friends and support the prime minister. That at least is what her press secretary said. Baroness Thatcher yesterday decided that actions speak louder than words as she arrived to a slightly less than ecstatic welcome from the rank and file inside the Empress Ballroom.

Her presence on the platform of the Conservatives' annual conference, alongside many of the senior ministers she purportedly castigated in her memoirs, the official serialisation of which begins this weekend, was designed to underline her approval for Mr John Major.

But on Day Three of the conference all most people wanted to talk about was what she really thought of her successor. The extracts in the Daily Mirror newspaper, widely believed, indicated just what a poor opinion she has of him. Mr Major appeared to return the compliment when he broke with recent tradition by declining to kiss her when he joined the platform for the debate on the economy.

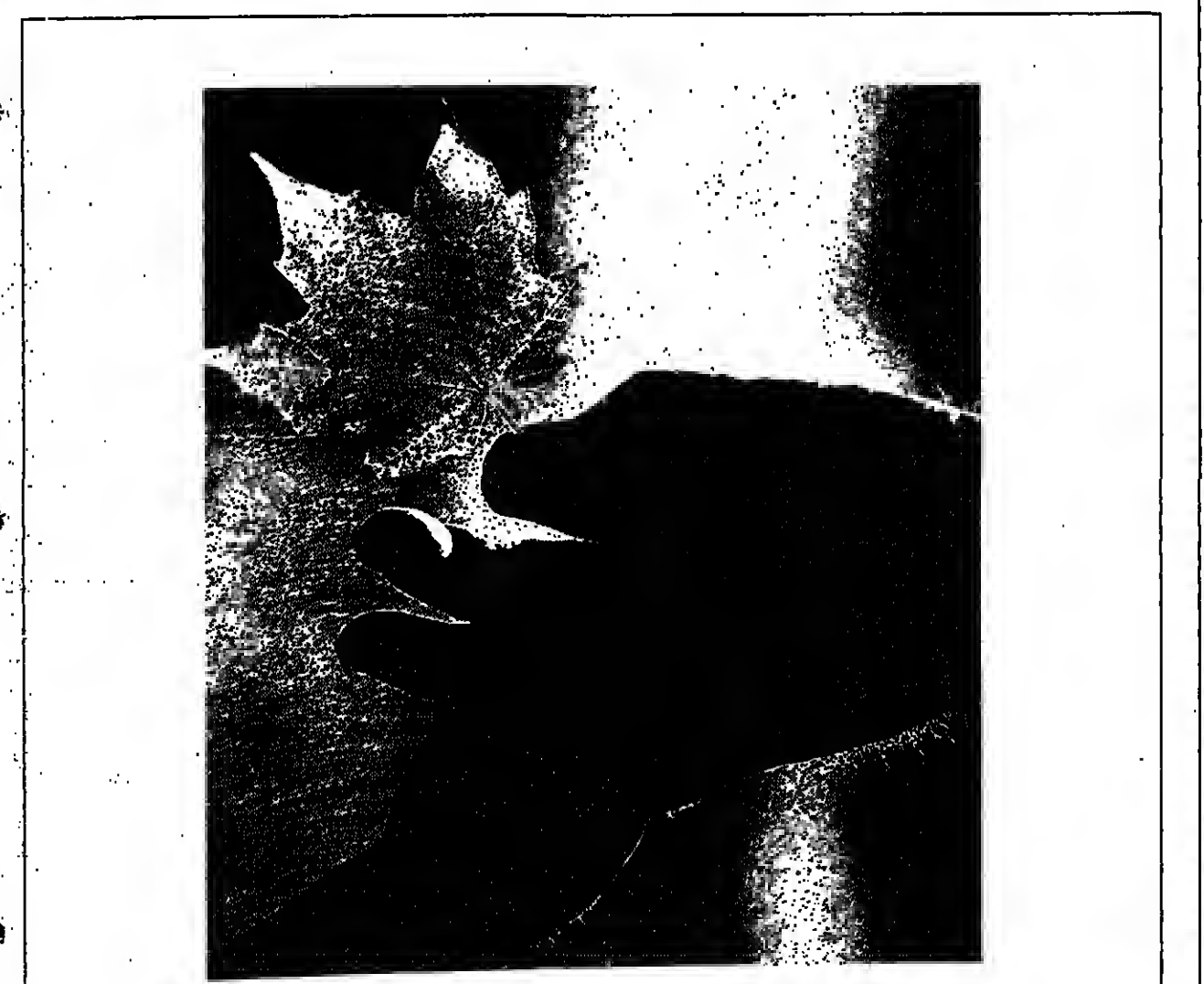
At just over two minutes Lady Thatcher's standing ovation was 20 seconds longer than the one given to Mr Major. But just only half the audience got on their feet for the whole two minutes. Sir Edward Heath, the former premier, appeared scrupulously fair by standing for both but refusing to clap anyone.

There was no shortage of cabinet ministers trying to put the explosive issue of Lady Thatcher's memoirs behind them. Mrs Virginia Bottomley, health secretary, said the matter was "history". Mr Peter Lilley, social security secretary, said Lady Thatcher was "bivvied with rage" at the Daily Mirror.

Other representatives of the parliamentary party were more outspoken in their anger at what they perceived to be Lady Thatcher's hijacking of the party conference. "It's a disgraceful lack of self-discipline" said Mr Graham Riddick. Another opined: "She should know better than most that we could do without being in the shadow of banny, or granny as she now likes to call herself."

Her close friends appeared to hark back to a golden age which Mr Major now says never was. Mr Edward Leigh, the former rightwing trade minister sacked by Mr Major, said it was ludicrous to blame Lady Thatcher for stealing Mr Major's thunder.

Mr Norman Fowler, the Conservative party chairman, had hoped to appease the Lady's friends by publicly declaring that he wore the badge of both Thatcherism and Majorism with pride. Sir Tim Bell, who used to advise Lady Thatcher on her public relations, appeared bemused by the fuss. He professed surprise that anyone could have failed to see that the conference spotlight would fall on Lady Thatcher. "What on earth did you expect?"



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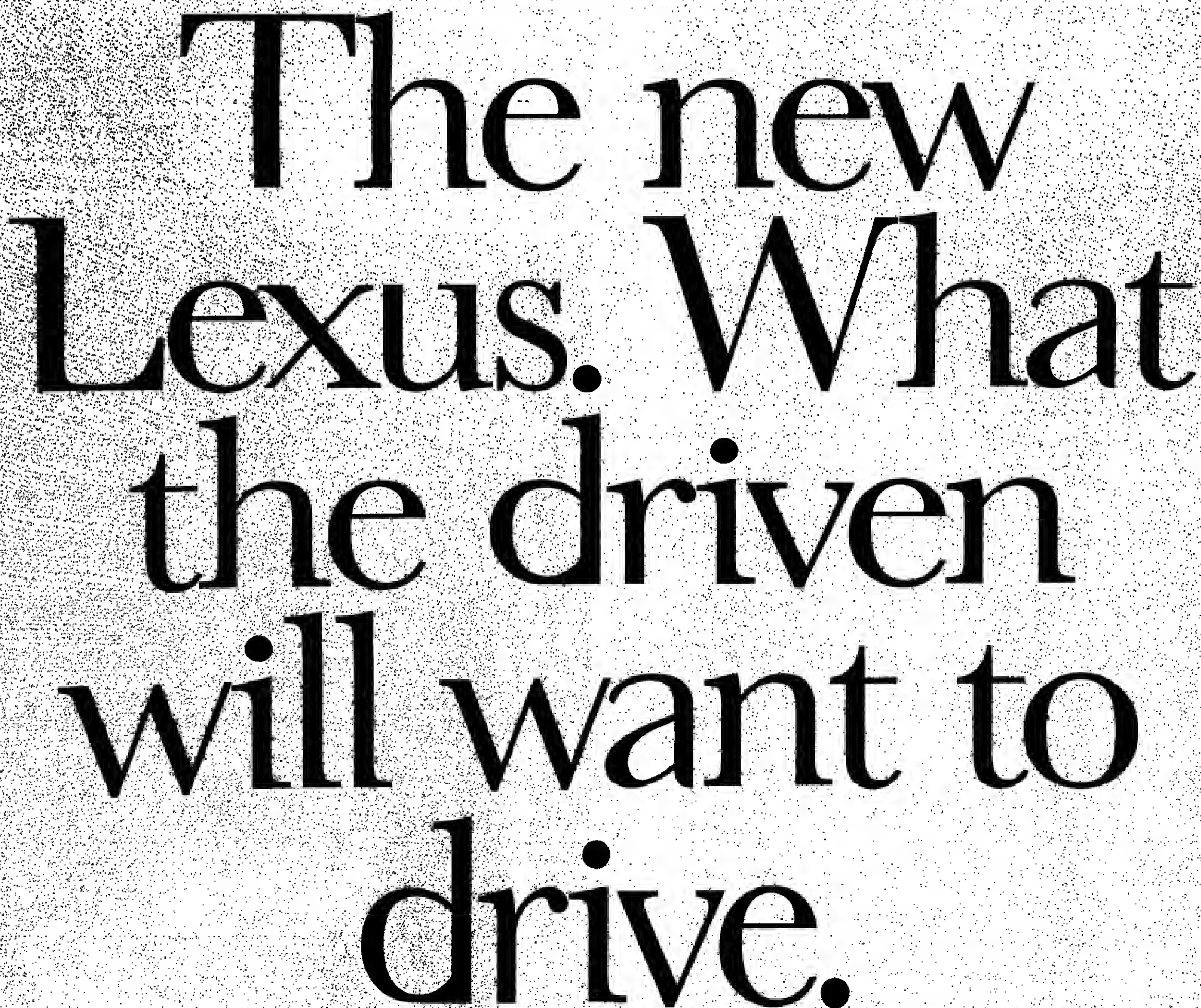
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[illegible]



## Leaders and laggards

Since inflation typically lags the business cycle by up to two years and is believed to drive property values, the commercial property market has come to be characterised as "late cycle" - one that lags the main business cycle.

As chart one shows, in a comparison of the absolute level of com-

Given that on average it takes a further six months to conclude a property transaction the investor would only have been in a position

- **First, changes in interest rates** will affect the real economy by altering individual consumption levels and the willingness of companies to invest. With a 12-18 month

of finance will have a greater impact over the short term than changes in rent levels (which are made every three to five years).

- Third, holding financial assets

Yet by this summer there had not been a significant rise in property prices. However, the market average indicated by the Hillier Parker

*The author is director, bonds and investment strategy, Legal & General Investment Management*

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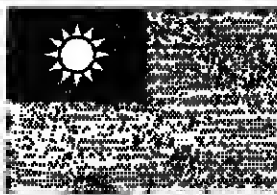
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# TAIWAN

Friday October 8 1993



The economy: growth rate slips below target.....Page 11

Taiwan has much to gain from developing an economically rational relationship with the Chinese mainland. Closer contacts must be properly managed and conducted in tandem with further liberalisation on Taiwan, reports Simon Holberton

## An island in search of its identity

TAIWAN is an island in search of its identity. In the process of rediscovering its past and trying to define what makes itself special, Taiwan faces the future full of uncertainty.

In one sense this is nothing new for the people of Taiwan. They have lived with the threat of invasion from communist China ever since the creation of the People's Republic in 1949, four years after the Kuomintang (KMT, Nationalist) government took control of the island from a defeated Japan.

But what makes the uncertainty of today different is the confusion within government, business, and society more generally about where the nation's future lies and what Taiwan's proper role in the world should be. Taiwan has come to a crossroads and is unsure which way to go.

Taiwan's search for identity - the result of the political liberalisation which has occurred over the past 10 years - has produced a flowering in letters and the arts. Modern Taiwanese painters are blending western technique with an oriental sensibility to produce work of great originality. The Taiwanese are also delving deeper into their recent past - no longer

off-limits for academic and popular research - and the culture of the indigenous people who have lived on the island since well before permanent Chinese settlement.

This awakening in Taiwan has thrown more starkly into relief the divisions within Taiwanese society about the way forward. That future used to be fairly simple: as part of a united China, some day. But no longer: the island's cultural development and its rapid democratisation have produced among the people a reaction against reunification with the mainland, and active pockets of pro-separatist independence who dream of a Republic of Taiwan.

Perhaps the soul searching presently under way is the inevitable consequence of an authoritarian government releasing the constraints on participation in public life and lifting the prohibitions on private expression. But unlike much of Latin America or South Africa, which went through a similar process of political and social change in the 1980s, Taiwan is not a parish state ready for international rehabilitation. It is recognised by a diminishing number of states in the inter-

national community. Less than 100 miles to the west of the island lie 1.2bn Chinese people ruled by a government which wants what it regards as its territory back.

If the indecision within the Taiwanese mind were confined to Taipei's chattering classes then it would be of little consequence, but it is not. The government is deeply divided over policy towards the mainland. Many of its own current and former supporters believe that the KMT government's real agenda is not reunification - as it proclaims - but independence. The latest piece of evidence is Taiwan's abortive attempt last month to have its status reconsidered by the United Nations General Assembly.

Businessmen - many of whom value the new-found freedoms that democratisation has brought - are convinced that closer economic ties with the Chinese mainland are not only inevitable, but desirable if Taiwan is to prosper. The government's prohibition of direct trade and communications links with the mainland - the absence of which cost Taiwanese business dearly and enriches Hong Kong greatly - cannot, however, go on indefinitely.

In mid-1997, Hong Kong reverts to Chinese sovereignty and what was once an indirect trade route with the mainland becomes a direct one. In spite of itself, the government soon will have to face up to reality. The communist posed by the

mainland - especially its recent opening to the outside world and the urgency with which the government on Taiwan has to deal with it - was summed up, but not faced, by a paper published this July by Taiwan's Council for Economic Planning and Development (CEPD).

The high degree of complementarity in economic conditions on the two sides of the Taiwan Straits, as well as special factors such as geographical proximity, blood affinity, and cultural background, have resulted in a rapid increase in economic and trade contacts between Taiwan and mainland China," it noted.

"In the long-term, the further integration of the two economies is a trend that

would be difficult to stop. The important question for Taiwan, therefore, is how to face up to the situation across the Taiwan Straits, grasp the initiative, strive for mutually beneficial development and secure Taiwan's position of economic leadership."

Fine sentiments, but unfortunately few solutions. The CEPD, which is part of Taiwan's cabinet, did not depart from the government's mainland policy. All it could do was urge a relaxation of some restrictions, such as those which apply to imports of semi-manufactures from the mainland, not a fundamental reappraisal of the policy.

This is the fatal flaw in the CEPD's economic revitalisation programme, a plan which aims

to increase the economy's competitiveness through deregulation and opening it further to international economic forces to create on Taiwan an Asia-Pacific regional operations zone.

In outline, the plan attempts to cure the problems inherited from the explosive growth of the 1980s in asset prices by bearing down on rising labour and land costs. Looking forward, it seeks to raise the economy's level of technological sophistication, free access to international capital markets, and develop sea and air communications so that Taiwan can become a regional hub for trade.

But realising the government's hope of remaking Taiwan anew may prove to be

the most difficult feat to pull off for the island's hitherto impressively successful planners. Without direct access to mainland China the willingness of international business to locate on Taiwan would appear limited.

"What the government cannot bring itself to do is take a pragmatic approach and find a more effective way to deal with the situation," says one local businessman, articulating the prevailing view. "I do not agree that greater contacts will lead to dependency. Taiwan's businessmen are not stupid; none want to be dependent on China. In any event, the investment on the mainland cannot be stopped. It is like water; you cannot stop it flowing, so you'd better direct it."

"The question is how to prolong the process as long as we can so as to ensure that when unification comes it is not a problem for us."

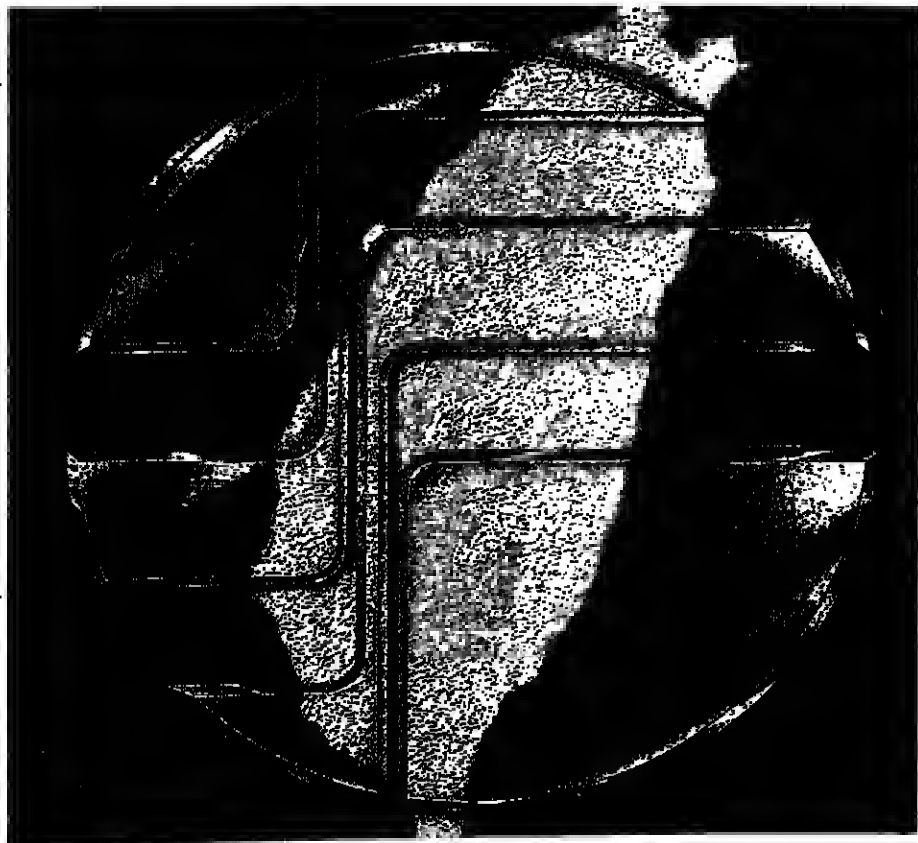
Taiwan has much to gain by developing an economically rational relationship with the mainland. But it has much to lose as well. The struggle for political rights, to which the KMT-led government was forced to respond in the mid-1980s, was hard won. Taiwan, along with South Korea, is giving the lie to the assertion that Asians cannot govern themselves through free institutions but have to be ruled by an iron and unforgiving hand, lest they run amok.

Multi-party democracy - still rough around the edges - is taking root on Taiwan, giving voice to popular demands for a cleaner environment and better social services and welfare. Given Beijing's attitude toward Hong Kong's democratic aspirations, Taiwan has much to fear from a closer embrace with the Chinese communists.

But of the many things which distinguish Taiwan from Hong Kong three stand out. Taiwan is able to feed itself; it is able to govern itself; and it has an independent military deterrent. Closer contact with the mainland, if properly managed, and conducted in tandem with further liberalisation on Taiwan, ought not to be a difficult trick to pull off. All it needs is the political will.



Taipei: the soul searching may be the inevitable consequence of an authoritarian government releasing constraints on participation in public life and lifting prohibitions on private expression



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## TAIWAN II

## THE ECONOMY

## Growth rate slips below target

NOT many countries would be dissatisfied with real output growth of 6 per cent a year and inflation below 4 per cent. Add to that a government deficit and official debt which account for just 1.6 per cent and 8 per cent of the economy respectively and most European finance ministers would be lining up to receive the William Gladstone prize for fiscal rectitude.

Not so in Taiwan. A sluggish world economy has caused the island's growth rate to slip below the government's target of a 7 per cent annual expansion for most of this decade. The economy's under-performance, relative to expectations, has meant the deferral of an ambitious plan to rebuild and extend Taiwan's industrial and social infrastructure. The government now puts Taiwan's long-term potential growth at 6.5 per cent.

Private economic forecasters have also revised downwards their predictions for the economy's short-term economic outlook. In July, Baring Securities, a British brokerage, expected growth in excess of 7 per cent next year. Now it is looking for 6.5 per cent in 1994 and has deferred until 1995 its hope for even faster expansion.

Mr Peter Kurz, head of Bar-

ing in Taipei, says: "Taiwan is an investment, supply-side-led economy. We expect 6 per cent growth this year and see it picking up to 6.5 per cent in 1994. If exports also pick up - and a lot depends on the US economy and China - then we could be looking for 7 per cent in 1995."

Growth in company profits, he says, tends to be sluggish, below 7 per cent growth in gross national product (GNP).

## Taiwan's economic development has been one of the great success stories

Taiwan's favoured measure of output which includes net income earned abroad. "Above that, corporate earnings rise by 20 per cent to 30 per cent," he says.

Taiwan's economic development has been one of the great success stories of the post-Second World War era. The island's economic planners have pulled off a rare feat in economic management: rapid growth in output, full employment and price stability.

From 1984 to 1991 the island chalked up a growth in real GNP of 8.6 per cent a year,

while consumer prices inflated by just 1.8 per cent a year. The average unemployment rate during the same period was 2.1 per cent.

This performance is made all the more remarkable given that Taiwan, along with the rest of the capitalist world economy, participated fully in the asset price inflation of the 1980s.

Mr Lee Kao Chao, director of economic research department, Council for Economic Planning and Development, says: "The result of our economic success has been sweet but the problems created by the trade surplus have been more bitter."

The trade surplus of the 1980s created excess monetary growth and an asset bubble. The stock market index rose from 650 in 1985 to 12,650 by 1990. Land prices rose by four times. The bubble has now burst, but we have been left with high land prices and high wage levels. The "money game" has produced a poor climate for investment."

Official figures underline the impact that the "money game" has had on Taiwan's manufacturing sector. Since 1988 average earnings in manufacturing have nearly doubled. Employment in manufacturing peaked at 2.8m workers in 1989 since

when more than 300,000 jobs have been shed. Yet the story of manufacturing on Taiwan is not all gloomy.

Productivity has grown nearly 60 per cent between 1986 and the end of last year, keeping the rise in manufacturers' unit labour costs to 26 per cent over the seven-year period. In some industries, notably electronics, productivity has risen by more than 80 per cent, while the rise in unit costs has been negligible: just 13 per cent.

"Taiwan is an economy of small companies," says Mr Kurz. "If you are dedicated to making one product then you make sure you are the most competitive."

The government can do little directly to affect wages but where it can have an impact is in land prices. Since the summer it has announced plans to sell state-owned land at reduced prices for existing and new entrant manufacturers, especially those engaged in high technology.

Those parts of the production process where Taiwan's manufacturers have lost competitiveness are at the labour-intensive end of the manufacturing process. These jobs have migrated to mainland China where, since 1989, Taiwanese

industry has made great inroads, especially in footwear and food.

The government is particularly concerned that investment on the mainland will lead to a shortage of capital for investment on Taiwan. Another concern is that wholesale migration of industry will lead to a "hollowing out" of the manufacturing base on Taiwan and a compensatory increase in the island's dependency on

## Taiwan's trade surplus is sustained by its trade, via Hong Kong, with the mainland

the mainland economy.

Elements of dependency have already become a reality - Taiwan's trade surplus is sustained by its trade, via Hong Kong, with the mainland - but Taiwan is a long way from being hollowed out, or from being totally reliant on the mainland for its economic well-being.

A lot of "investment" has been speculative property investment. It has been estimated that more than \$5bn has been pumped into China's property market, mainly in Shanghai, Beijing and Guang-

zhou (Canton). With the tightening of economic policy in China since the summer, many believe that these investors may get their fingers burnt.

The tightening in monetary policy in China and a corresponding easing of monetary policy on Taiwan is expected to give a fillip to private investment on the island. After a recovery in growth last year, private investment is expected to rise by nearly 13 per cent this year and about 10 per cent in 1994.

In the meantime the government has taken a fresh sight and is trying to chart a course for the Taiwanese economy which envisages becoming "Asia-Pacific regional operations zone". The government has promised NT\$3bn of tax credits for industry - to encourage investment - and earmarked a further NT\$200m in state support for the island's high technology industries.

Overhauling this strategy, however, is Taiwan's troubled relations with the mainland. Until both arrive at a modus vivendi it is debatable whether this latest chapter in Taiwan's economic development can be as successfully realised as past policies were.

Simon Holberton



## FOREIGN RELATIONS

## China issue is most divisive

RELATIONS between Taiwan and the Chinese mainland were, until recently, relatively straightforward. Both sides laid claim to the other's territory and both were locked in a theological debate about who were the rightful rulers of all China.

Taiwan's rapid industrialisation, as well as China's economic reform, have, however, significantly complicated the issues. Cold War-era antipathies are being submerged by today's booming - although officially indirect - trade across the Taiwan Straits with mainland China.

At the same time, Taiwan, with its new-found wealth and democratic liberties is anxious to achieve western recognition and play a fuller role in the world community. Yet movement on this front is largely dependent upon Taiwan's status in relation to China.

The simplicity of the past has been replaced by hand wringing and confusion in Taiwan about how to deal with the "China question". No longer uncommunicative, Taipei and Beijing are committed to promoting greater understanding between their peoples. Yet critical questions remain. Taiwan is asking itself at what pace contacts with mainland China should proceed, and what the ultimate result of increasing contacts will be.

Relations between Taiwan and the mainland have become the most divisive issue in Taiwanese society and politics, leading to the recent fracturing of the ruling Kuomintang (KMT) party and weakening business support for the government.

To fully understand what is happening in Taiwan, one needs an acute sense of the difference between appearance and reality, of words and deeds. The current KMT leadership under the guidance of President Lee Teng-bui says its wants a reunited China. But its every action suggests that what it really seeks is an independent Taiwan, in part to placate the increasingly powerful DPP opposition party. This was best exemplified last month by Taiwan's abortive attempt to seek membership of

the United Nations, from which it was ejected in 1971 when the communist government of the mainland replaced it as the representative of China. Re-entry into the UN represents Taiwan's ambition to achieve broad international recognition of its sovereignty.

In the event, China voiced strong objections, saying that admitting Taiwan to the UN would set an "abominable precedent" and would interfere in China's internal affairs. The steering committee of the UN General Assembly declined to put Taiwan on its agenda, dismissing the issue without even voting.

Taiwan's was backed by a handful of Central American nations with strong economic ties: Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. These, together with several African nations, constitute the rump of the international community which still affords Taiwan full diplomatic recognition.

Most western countries have only de facto relations with Taiwan, stationing officials in Taipei at quasi embassies called trade offices and limiting official diplomatic contacts.

The US and Europe (with the exception of the Vatican) recognise Beijing as the sole legal government of China, including Taiwan. Western democracies are keen to take full advantage of the huge potential for trade and investment that China's economic reforms have created. Rather than risk conflict with China, the US, which is Taiwan's greatest supporter in the developed world, has warned the Taipei government that its attempt to penetrate the UN and its system of multilateral agencies is ill judged.

"It would be unwise [of Taiwan] to confront the Clinton administration with a choice between Beijing and Taipei," said Professor Ralph

Clough of Johns Hopkins University at a recent conference. "Taiwan's long-term interests will be better served and US support more easily maintained by continuing the existing policy of pursuing economic and other interaction with mainland China, while at the same time seeking an

## Taiwan's relations with China are now being shaped by economic trends

improved position in the international community."

Nevertheless, Taiwan is not giving up. "We are fully aware that it would be extremely difficult for us to achieve our goal to join the UN," said President Lee Teng-bui, "but we will... continue to work hard for our cause."

Echoing the sentiment, Mr I-Jen Chou, a senior opposition DPP official, says: "We do not think we can join the UN easily. Maybe we will need 10 or 20 years of effort. We quite understand we have a long

battle to fight, but we want to take the first steps."

The government's decision to push for UN membership and alleged foot dragging on closer commercial contacts with the mainland is cited as one of the reasons for this summer's split in the ruling KMT. A number of leading members left to form the China New Party.

Mr Chao Shan Kang, leader of the New Party, believes that the government is wasting precious time in delaying more substantive talks with Beijing. "We have the advantage now; if we wait another three years then our advantage will be less and we will lose our bargaining chip," he says.

His view finds widespread support among business people who believe the government is powerless to stop economic integration across the Taiwan Straits. Trade between the two is growing rapidly. China is now Taiwan's fastest growing export market - exports were 20 per cent up in the first eight months of this year compared with a year

ago - and the second-largest market in terms of size. It is forecast to be worth more than \$5bn this year.

Where trade flows so, too, does investment. There are no reliable figures on the actual amount of Taiwanese investment which has flowed to the mainland since restrictions were relaxed, but the Mainland Affairs Council thinks it could be as much as \$20bn.

The intensity of interest in China is underlined by recent mainland figures putting Taiwanese investment in Shanghai at more than \$1m in the first eight months of the year, more than the entire stock of Taiwanese investment in the previous eight years.

It is further underlined by Taiwan's retailers organising for a big push into mainland retailing. Well-known stores such as 7-Eleven and less well known ones such as Wua Shin Steak House, will soon be trading in especially designated "Taiwan shopping streets" in Beijing and Shanghai.

Mr Jack Huang, managing partner of the US law firm Jones, Day, Reavis & Pogue,

says: "The government should lift restrictions on investment. They were a nice idea - a nice try - but it is clear today that China can get investment from anywhere in the world. Our investment is not that critical; our technology is not more advanced than what China can get from elsewhere. The fact is that Taiwan business has a greater need to go into China than China needs the business."

Like many business people who value the political liberalisation of the past five years, he thinks the challenge facing the government is how to prolong the process of inevitable integration to ensure that when unification comes, it poses no threat to Taiwan's newly won liberties. Others fear that Taiwan's economy will become increasingly linked to that of the mainland, intensifying its dependency upon the Chinese market and giving Beijing unacceptable power over Taiwan.

Clearly, Taiwan's relations with China, and therefore the rest of the world, are now being shaped by economic trends rather than the territorial disputes of the past. It is not clear that Taiwan knows quite what to do about it.

Simon Holberton and Louise Kehoe

## DOMESTIC POLITICS

## KMT supremacy challenged

spokesman: "We are concerned but not worried. Take a look at what has happened to ruling parties in other countries. Conservatives in the UK had a hard time - the same in the US and Japan. This is an era of diversity and dynamism; people will change."

"I think we are doing well."

## The KMT remains very powerful and is likely to do so for some time to come

But we can't expect always to get 70 per cent and 80 per cent of the vote in elections when we are going through a process of democratisation. Some day we may be the opposition party. We know that is a price we may have to pay. That is not a failure of democratisation but the success of it."

Universally known as "the party", the KMT remains very powerful and is likely to do so for some time to come. It supplies Taiwan's president, prime minister and head of the judiciary. Moreover, more than 80 per cent of Taiwan's civil servants are party members.

It is also very rich. Companies controlled by the KMT's Central Investment Corp had at the end of February assets valued at NT\$963.9bn (\$37bn), making it Taiwan's largest business group. One of its important financial and political assets is its ownership of television. It is seeking to expand that control into cable TV when the government approves the establishment of cable networks.

In spite of this appearance of control, the KMT is facing pressures from many directions. Internally it is riven by faction and is showing signs of fracturing. Moreover, the Democratic Progressive Party, which advocates "Taiwan independence" and is its main

external threat, has been skilful in exploiting these divisions to score a number of parliamentary victories, notably the passage of a law requiring politicians and senior government officials to reveal their personal wealth.

Although the ruling party's financial strength is a huge asset, it has become a political liability. Voters in Taiwan, especially among the educated middle classes in the cities, are tired of "money politics" (corruption). They are also questioning the efficacy of a political party playing such a powerful role in industry and commerce and the potential conflicts of interest this poses.

In last December's elections for the Legislative Yuan, Taiwan's law-making body, a group of concerned citizens formed a lobby called the Clean Election Campaign. Its purpose was to monitor vote-buying by politicians of all parties. The support the campaign received underlined the extent

## The New Party promotes a curious blend of populism and conservatism

of voter dissatisfaction with corruption in Taiwanese politics.

Mr Jack Huang, managing partner of the US law firm Jones, Day, Reavis & Pogue and a leading member of the campaign, says: "Initially we did not invest a lot of hope in the success of the campaign, but to our surprise we received 700,000 letters from voters who said they would not sell their vote."

Next month the KMT will face a further test of its popularity and unity when elections for 21 county mayors and magistrates are held across the island. The party currently controls 13 of these positions,

but it is widely expected that it will fare less well this time around, possibly losing the simple majority it currently enjoys.

Its rival, which controls seven localities, expects to win 11 or 12 of the local government positions. Winning a majority of the positions has become make-or-break for Mr Hsu Shin Liang, chairperson of the DPP. He has said he will resign party leadership if the party does not win more than half the seats.

The DPP sees these local elections as a chance to cut its rival off from its grassroots support through its own access to the patronage power in Taiwan. Mr I-Jen Chou, deputy secretary general of the DPP, says: "We think we can win the coming elections and if so then I think we can, through the mayors, build our power and weaken the special interests of the KMT."

At a national level, defections from the KMT to the China New Party - formed after the KMT's 14th party congress in August by a faction disaffected with the China policy - have seriously affected its ability to govern. "Ours is a large party," says the KMT's Mr Chou. "We do have a caucus in the legislature but it has become more and more difficult for us to hold them in line. We hope the situation will improve."

Because of the split, the KMT's strength in the 168-seat legislature has been cut from 103 to around 95 as former party members have left. Its strength there is likely to be eroded by further defections to the New Party.

This party, led by Mr Chao Shan Kang, a former environment minister and senior KMT member, promotes a curious blend of populism and conservatism. On one hand, it has taken up the battle for clean

KEY FACTS		
Area	36,000 sq km	
Population	20.6 million	
President	Lee Teng-hui	
Currency	New Taiwan dollar (NT\$)	
Average exchange rate	1991 \$1=26.55 NT\$	
	1992 \$1=24.93 NT\$	
ECONOMY		
	1991	1992
Total GDP (\$bn)	175.4	206.8
Real GDP growth (%)	7.2	6.6
Components of GDP (%)		
Private consumption	54.3	55.8
Total investment	11.8	12.9
Government consumption	17.9	17.5
Exports	48.5	44.5
Imports	43.4	42.0
Annual average % growth in:		
Consumer prices (%)	3.6	4.5
Ind. production (%)	7.3	3.6
At year end:		
Unemployment rate (%)	1.4	1.3
Official foreign reserves (\$bn)	82.4	82.3
3 month interbank rate (%)	6.97	7.38
Stock market at year end		
Market capitalisation (\$bn)	78.8	64.7
Growth in share prices (%)	-7.4	-18.0
Trade:		
Current account balance (\$bn)	12.0	8.2
Exports (\$bn)	76.2	81.5
Imports (\$bn)	62.9	72.0
Trade balance (\$bn)	13.3	9.5
Manufacturing trade:		
Exports (\$bn)	70.5	73.0
Imports (\$bn)	46.6	52.9

(1) From IFC Emerging Markets Database.  
(2) Annual % increase IFC local currency price index.  
Source: Datastream, IFC.



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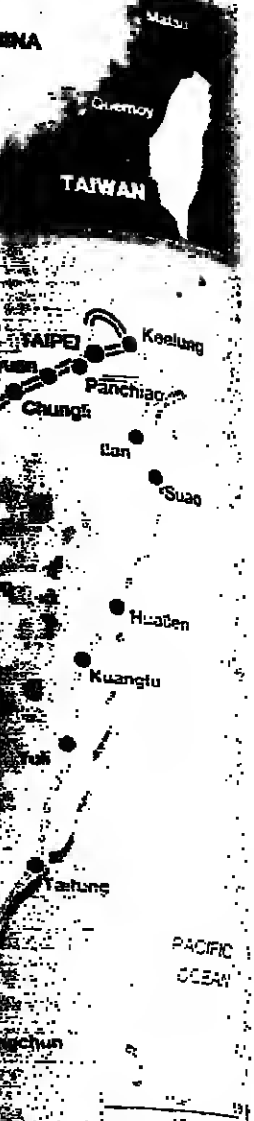
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THE ENVIRONMENT

Big clean-up effort is under way

TAIWAN is paying the price for failing, until recently, to address environmental problems during its rush to industrialisation. "We started late," admits Lung-Sheng Chang, head of Taiwan's Environmental Protection Administration. Evidence of unregulated pollution is all too apparent on the streets of Taipei. Rubbish collects on pavements and in back alleys. On a hot and humid evening, the smell of sewage is pervasive in the older parts of the city and the air is yellowed by a seemingly permanent pall of smog. A big clean up effort is under way, amid mounting public pressure. Last year Taiwan's spent more than \$22bn on environmental protection, with

similar spending expected to continue for the next five to six years. "We have come to realise that economic development is not, in itself, our goal. Our aim is to raise the quality of life of our people," says Mr Chang. "Unless we clean up air, water and solid waste pollution, then growth in the gross national product or per capita income becomes meaningless." Last year a constitutional amendment revised the republic's public spending priorities to rank environmental protection and ecological conservation along with economic development. Yet the problems created by Taiwan's rapid economic growth are immense. Rising

incomes have enabled millions of Taiwanese to buy cars and motorcycles. With a population of just over 20m, Taiwan boasts 4m motor vehicles and 10m motorcycles. In the past 12 months, 500,000 new cars and almost 1m new motorcycles crammed on to the already heavily congested city streets. High levels of vehicle emissions are accentuated by bumper-to-bumper traffic jams. "We have double digit growth in motor vehicles per year, but less than a one per cent increase in parking spaces and road area," says Mr Chang. To combat air pollution, Taiwan has adopted the tightest emission regulations for motorcycles in the world, and is matching California's exacting standards for car emissions.

petrol. "Our gas prices are very low," says Mr Chang. "We are encouraging our people to use the gasoline." Yet proposals for an increased tax on petrol are controversial because of fears that it could fuel inflation and have a negative impact on the economy. Enforcing anti-pollution measures is difficult, especially when they conflict with business interests, Mr Chang says.

Even in Taipei, only some 18 per cent of sewage is fully treated

Industrial development plans, for example, are now subject to strict environmental impact reviews, severely restricting waste disposal and emissions. But business executives complain that environmental rules are too harsh, increase costs and place them at a competitive disadvantage in world markets. Water pollution is another serious problem in Taiwan. Less than 8 per cent of the population has sewage processing service. Even in Taipei, only 18 per cent of sewage is fully treated. The rest is funneled into river beds, creating



Growing problem: high levels of vehicle emissions are accentuated by bumper-to-bumper traffic jams in Taipei

AEROSPACE INDUSTRY

An eye on world aircraft markets

TAIWAN'S aerospace industry has reached a watershed in its development. Within two or three years, it should become clear whether or not it will be able to extend its engineering expertise into world markets for passenger aircraft. Taiwan is an established components supplier to big western civil aircraft manufacturers. It is also able to produce its own military jet fighters. Now the government is seeking to marry the two and create an industry that manufactures whole aircraft for domestic and foreign civilian markets. The most important talks now under way are with the UK's British Aerospace and Dassault of France.

Taipei wants more development and production expertise to be switched to Taiwan

company. Unfortunately, talks with Taiwan have encountered difficulties since a contract to establish a joint venture was signed in London in January. Doubts have been raised by Taiwanese banks' lending money to finance the joint venture, called Avro. They are concerned that the aircraft could lose money as easily in Taiwanese hands as British. The main hurdle, the financing of the deal, was cleared in August. But the apparently less important details of the amount of technological expertise that would be transferred to Taiwan have proved to be almost as difficult to overcome.

II, and when, these matters are settled, manufacturing could begin as early as next spring. Talks are at an earlier stage with French aircraft builder Dassault. Taiwan is buying Dassault military jet aircraft and missiles and wants some aerospace manufacturing skills transferred to Taiwan. Dassault is keen to keep such transfers confined to civil sector skills associated with its Falcon series of executive jets. But Taiwan may insist on some of the Mirage work moving to the island. Taiwan is in a strong position to demand such concessions. In Dassault's case, the deal was its first export order for four years, while BAe is still struggling to improve its profitability after a period of heavy losses.

Taiwan has two further inducements, beyond its experience in the components business, with which to persuade foreign companies to share their know-how. It has huge reserves of capital, thanks to its successes in exports of manufactured goods. And it offers proximity to the world's fastest-growing air transport markets in south-east Asia and China.

Taiwan also wants a foreign partner as it struggles to emerge from decades of relative economic isolation thanks to China's claim over the island. That isolation prevented the government from importing military aircraft. Instead, it went ahead with production of its own designs. Taiwan initially moved to piston-engine training aircraft and then jet trainers. Now it has advanced far enough to oversee production of its own supersonic jet fighter, the IDF (Indigenous Defence Fighter). Yet as production of the IDF got under way last year, France and the US decided to

risk Beijing's wrath by allowing the sale of General Dynamics F-16 and Dassault Mirage 2000 fighters to Taiwan. Taiwan's air force promptly halved its order for the IDF to 150 aircraft, leaving 200 or more local aerospace manufacturers and the design and manufacturing arm of the defence ministry with spare capacity. This spare capacity has added impetus to the drive to find foreign partners for aerospace manufacturing. To that end, the government this summer announced the progressive privatisation of the country's military aircraft manufacturing operations, which builds the IDF, at Taichung on the island's west coast.

The first stage, scheduled for next summer, is the creation of an autonomous but state-owned company. It could lead to complete privatisation within five years, say government officials. The move to privatise the Taichung operations follows the establishment by the government of Taiwan Aerospace Corporation (TAC) in October 1991.

This company, with a minority state shareholding, has the aim of becoming "a major Asian aerospace company by the year 2004". It intends to accomplish this through partnerships, and it was TAC that led the Taiwan side in plans to establish the Avro joint venture with BAe. Yet two years after its birth, TAC is still finding the aerospace industry a tough one to enter. Although it has plenty of cash and some engineering expertise, Taiwan still lacks several essential skills specific to the civil aircraft business: integrating components, designing interiors, marketing and leasing.

And the providers of the cash, Taiwanese investors, are discovering that aircraft manufacture is a high-risk business in which they may not see a return on an investment for a decade or more. Taiwan's banking community has been among the most wary of TAC's backers in assessing whether prospective deals should go ahead. They were partly behind the failure last year to launch a \$2bn joint venture with McDonnell Douglas to design and build a new large passenger jet. Government officials blame that failure on the company's inexperience in aerospace. TAC was only a few months old and its financial backers were daunted by the prospect of investing huge sums in an aircraft whose design did not yet exist.

McDonnell-Douglas may yet come back to Taiwan for another deal

McDonnell-Douglas may yet come back to Taiwan for another deal. Unofficial reports from Taiwan suggest that the government is having talks with the company over the possibility of establishing a joint venture to develop helicopter technologies.

And the fear of being seen as a country that cannot do joint venture deals with foreign partners is certainly contributing to the survival of the BAe talks. So it is a measure of Taiwan's determination to establish itself in aerospace that it is prepared to enter into talks simultaneously with several large foreign companies in the field. If the drive fails to spark rapid growth in aerospace as a consequence, it will not be for lack of trying.

Daniel Green

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## TAIWAN IV

## INDUSTRY

## Important role in PC revolution

TAKE the lid off a personal computer and the chances are very high that the main circuit board inside will have been manufactured in Taiwan.

The island now boasts a 70 per cent share of the world market for PC "motherboards" and is the largest producer of the latest "notebook PCs", prompting some to rename it the "Republic of Computers". Information technology is now the cornerstone of Taiwan's economy, reflecting a rapid shift away from its traditional labour-intensive industries towards advanced technology including semiconductor chips, computers and computer peripherals. Last year, with sales of \$3.7bn, electronics products became Taiwan's biggest export.

The personal computer is at the core of Taiwan's emergence as a world player in information technology. Last year Taiwan's exports of PC hardware reached \$6.6bn, according to Dataquest, the market research group, which predicts an 11.7 per cent increase to \$7.4bn this year.

PC circuit boards alone accounted for \$980m in exports last year, while exports of computer monitors (displays) totalled \$2.3bn. Taiwan is also the top producer of the com-

puter "mouse" - the device used to move a cursor around a computer screen - with an 80 per cent share of the world market, according to government statistics.

Yet Taiwan's role in the PC revolution has gone largely unnoticed outside the computer industry. With the exception of Acer, Taiwan's largest PC producer, most of the computers made in Taiwan are sold under the names of foreign companies such as IBM or Apple Computer.

"Taiwan is the arms dealer to the warlords of the PC industry," says Mr Robert Lo, manager of the Taiwan operations of Intel, the leading US semiconductor manufacturer.

But why Taiwan? Ironically, IBM, whose original personal computer design gave birth to an industry of "PC clones", played a central role in the creation of the island's PC industry.

IBM established a procurement office in Taiwan in the

1980s, when the island's economy was based on low-cost, labour-intensive manufacturing. Tatung, now one of Taiwan's largest PC manufacturers, was an early partner of IBM, manufacturing parts for its mainframe computers.

Following the introduction of the IBM PC, in 1981, IBM chose

**The Taiwan government has continued to play an important behind-the-scenes role**

TECO, a leading Taiwanese television manufacturer, to mass produce personal computer monitors. Other Taiwan companies followed TECO into the monitor market, sparking an export boom and fuelling Taiwanese interest in the PC business.

In the same period, the Taiwanese government was actively encouraging the establishment of high technology enterprises through its indus-

trial Technology Research Institute (ITRI). Seizing the opportunity created by the standards-based IBM PC, ITRI designed one of the first "clones" of IBM's PC XT, thus providing a fillip to Taiwan's fledgling PC industry.

Over the past 10 years the Taiwan government has continued to play an important behind-the-scenes role in the island's computer industry, representing Taiwan manufacturers in their negotiations with foreign companies, undertaking research and development efforts, and providing training and market research assistance.

Taiwan's semiconductor industry, which supplies components to its PC and PC board manufacturers, provides another example of the blend of government-sponsored initiatives and private-sector ingenuity.

Its foundations were laid in the early 1970s by K T Li, then the minister of finance and widely known as the "father"

of Taiwan's information industry. A frequent visitor to the US and Japan, Li established a government-funded semiconductor development project in Taiwan under the auspices of the newly formed ITRI.

"Without ITRI's early involvement, Taiwan's semiconductor industry would probably not exist today," says Morris Chang, ITRI chairman, who credits K T Li with recognising the critical role that semiconductor technology could play in Taiwan's industrial development.

In the late 1970s, the ITRI semiconductor research and development project was expanded to incorporate a pilot production line which was spun off in 1980 to form United Microelectronics, Taiwan's first - and still largest - semiconductor company. This move

was critical, Mr Chang believes, because it demonstrated the commercial feasibility of semiconductor production in Taiwan, encouraging private sector investment. Six

years later, another semiconductor producer, Taiwan Semiconductor Manufacturing Company, was spun out of ITRI to provide production facilities for the island's burgeoning chip design industry.

A third ITRI semiconductor spin-off is under consideration as the institute nears completion.

**Chinese American engineers are attracted by the opportunities in Taiwan's industry**

tion of a five-year advanced "submicron" semiconductor technology development project which included the construction of an ultra-clean wafer fabrication laboratory with state-of-the-art semiconductor production technology.

In addition to these official "spin-offs", former ITRI engineers have populated numerous other chip design and manufacturing companies in Taiwan formed with funding

from the private sector, several of them formed by Taiwanese entrepreneurs who returned to their homeland after working in California's Silicon Valley.

Typical of these is Min Wu, president of Macronix, one of Taiwan's most promising semiconductor companies. Mr Wu returned to Taiwan four years ago after over 20 years in the US, where he studied at Stanford University and then worked in Silicon Valley. He brought 40 other Taiwanese engineers back with him from the US to form the core management and engineering team at Macronix.

This "reverse brain drain" is fuelling the growth of Taiwan's electronics industry, says Chang. Chinese American engineers are attracted by the opportunities in Taiwan's burgeoning industry, in contrast to the slow economic growth in the US over the past few years, he notes.

About two thirds of the 400 PhDs working at ITRI have returned from the US. And the

people with working experience in the US has also increased dramatically.

The abundance of well-qualified engineers is one of Taiwan's key advantages in the high technology industry, says D C Chien, general manager of IBM Taiwan. "Even though Korea has a population 30 times that of Taiwan, we have far more engineers."

He also praises the adaptability and responsiveness of Taiwan's relatively small electronics industry. "When IBM wants something made on short notice, they deliver," IBM, for example, turned to Taiwanese manufacturers for its recently introduced low-cost Ambra PC product line.

For all of its strengths, however, the Taiwanese electronics industry remains heavily dependent upon foreign technology and is subject to the vagaries of foreign markets. As factories are increasingly shifting their operations offshore, to China and Malaysia.

The biggest challenge, says Morris Chang of ITRI, is to upgrade Taiwan's own technology base. Until that happens, the Taiwanese information industry will not be the master of its own destiny.

Louise Kehoe

## COMPANY PROFILE: ACER GROUP

## Chasing the Chinese dragon

THE Acer Group, Taiwan's largest computer company, is pursuing the "Chinese dragon dream", aiming to establish itself as the first Chinese company to become a world leader in the computer market. It is an ambitious goal, but already the company is among the top 10 in the personal computer field.

Acer's progress has made Mr Stan Shih, its founder, chairman and chief executive, a hero in Taiwan. As one of the island's most influential business leaders, he is now playing a central role in efforts to shift the island's industrial base from low-cost manufacturing to more advanced product development and marketing, or from "the bargain basement to the luxury goods department" as they say in Taiwan.

"In Taiwan we must establish our own technology development and international marketing capabilities if we are to remain competitive," says Mr Shih.

The Taiwanese electronics industry has become the island's biggest source of exports largely as a result of

its ability to provide low-cost, high-volume, sub-contract manufacturing services to US, Japanese and European personal computer companies. Yet its future is clouded by rising costs that are undermining Taiwan's competitive advantages in world markets.

As Taiwan's newly industrialised economy begins to

**The government is spending about \$450m a year on research and development**

mature, the need for large-scale investment in technology development and international marketing is becoming critical, Shih maintains. "In the long run there is no other way for Taiwanese manufacturers to compete with China or south-

east Asia where costs are much lower," he says.

His message has not been lost on the Taiwanese government which is spending about \$450m a year on research and development programmes, much of it aimed at the information processing industry. Manufacturers also get tax credits for investments in R&D, training, automation or international brand name promotion. Yet many in the business community remain sceptical.

The typical Taiwanese high tech business spends only 1.2 per cent of revenues on research and development, and another 1.2 per cent on marketing, Mr Shih estimates. "That is why they can offer low prices."

Acer's R&D spending runs at about 5 per cent of revenues, with an additional outlay of more than 5 per cent on mar-

keting. Even this is well below many of its foreign competitors.

While there is a broad consensus that Taiwan needs to become less dependent upon foreign technology, the need for marketing efforts is less widely accepted.

Spending money on international advertising and promotion is a relatively new concept in Taiwan where many manufacturers products end up bearing the brand name of a western company. Acer is one of very few Taiwanese companies to have established its own name in world markets. Others include Pro Kennex, the tennis racket maker and Giant bicycle.

Four years ago, Mr Shih became the founding chairman of a business group aimed at boosting the marketing skills of Taiwan's industries. The

Brand International Promotion Association (BIPA) has attracted about 100 members who can participate in training programs in marketing, public relations, advertising, corporate identity and image building.

BIPA, initially hailed for its forward-looking efforts, came under fire two years ago when several of its member companies fell into bankruptcy and ITRI recorded losses. "The general public blamed spending on brand promotion for the financial problems, but they were unrelated," Mr Shih recalls. Brand promotion is considered too risky, and it takes too long to see a return on the investments, he explains.

"It takes perhaps two years to see returns from manufacturing. Technology development may take three to four years and require 10 times as much effort. Image building takes one hundred times the effort. It takes a very long time."

Yet from Mr Shih's point of view, establishing Acer's brand name is a matter of necessity. "Without your brand name, without a good image, your business is unstable because you are totally dependent upon the performance of the companies that you supply." A mix of brand name and sub-contract business is ideal, he says, because one offsets the risks of the other.

Acer has also moved faster than other Taiwan companies to establish a presence in international markets. The group now has operations in more than 70 countries, many of which operate as semi-autonomous business units. Some are partly owned by local employees.

Acer's approach to "globalisation" reflects Taiwan's small-business culture. "The textbooks are all from a US or Japanese point of view, but we



Acer chief Stan Shih: his company's progress has made him a hero

have to do it our own way," says Mr Shih.

"The Chinese are individuals, but they are not so good at teamwork," he explains. "A Chinese manager can lead perhaps 1,000 people; in the US it might be 5,000; and in Japan maybe 10,000. That is our nature."

Three years ago, Acer decentralised its management to create independent business units and began spinning off ownership of subsidiaries to employees and local investors. The group's Taiwan manufacturing operations were split into two affiliate companies, while its most profitable sales unit, serving Latin America and Asia-Pacific, also became independent earlier this year.

In international markets, Acer has formed partnerships with its distributors, transforming them into local assembly operations from Taiwan and purchasing other components locally.

The goal, says Mr Shih, is to create a consortium of "real" borderless global companies with a local-touch global brand

name. While prizing entrepreneurial independence, Mr Shih, unlike many of his western counterparts, welcomes government involvement in Taiwan's high-tech industry.

"We need a national strategy," he says, "to set a direction for the private sector." The government should also create the right infrastructure

**Computer companies are allowed to establish assembly operations on the mainland**

for the high-tech industry to flourish, he believes.

"The government is like a parent, motivating its children to study hard, and rewarding them for their efforts."

In many regards the Taiwan government has served the industry well, Mr Shih believes. But "the most difficult government strategy we lack is on Taiwan-China relations."

There is a growing conflict in Taiwan between business and government over rising

Taiwanese investments in mainland China. "The Ministry of Economics really understands that China is a great opportunity for Taiwan's business, but because of political issues this strategy cannot be realised," says Mr Shih.

Current government regulations prohibit the transfer of Taiwan's most advanced technologies to mainland China. Taiwan's computer companies are allowed to establish assembly operations on the mainland, but are required to prove that their investments in Taiwan outstrip those on the mainland. However, the regulations are widely ignored, even government officials acknowledge.

As one of Taiwan's most visible companies, Acer is moving slowly to establish itself on the mainland. The group has committed itself to open a keyboard and computer monitor manufacturing operation in China by the end of next year and has begun building up a network of service and distribution offices.

Some of Acer's US competitors are steaming ahead. Over recent weeks both Compaq Computer and AST Research have announced joint ventures in China.

Ironically, despite their proximity to mainland China, Taiwan's computer makers may be at a disadvantage in exploiting the potential of this emerging market.

"Today, the requirement for us to invest in China is not so critical. But it may be critical next year or in two years," says Mr Shih. He is optimistic that the Taiwan government will recognise the problem and ease its China-investment regulations in the near future.

Mr Shih compares Acer's efforts to achieve its "Chinese dragon dream" to the ancient game of "Go". It will take patience, endurance and strategic planning if Acer is to win market share, or territory, away from its competitors. Taiwan's computer makers are hardly new to this game. The computer market is merely a new playing field.

Louise Kehoe

## A basic guide for visitors

VISAS for visitors from most countries are fairly easy to obtain from Taiwan's official or, more likely, unofficial missions.

Names for the unofficial offices can vary, but are usually economic and cultural offices containing the catchwords "Republic of China" or "Taipei".

For example, in London, Taiwan's representative is at the "Taipei Representative Office in the UK". A useful source is the China External Trade and Development Council (Cetra) Tel: 886-2-725-5200; Fax: 757-6553.

Cetra has offices in most of the leading trading nations, often together with Taipei's unofficial representation, or separately under the moniker "Far East Trade Service."

Companies more interested in investment projects can also contact the offices of the Ministry of Economic Affairs, often known as the "Economic Division" of the Taipei representative office.

Directory: If possible, travellers should purchase upon or before arrival the *Directory of Taiwan*, which offers a thorough and indispensable collection of important offices, companies and services for NT\$400 (\$17.50) if purchased in Taiwan. It can also be ordered at higher prices (including postage) from The China News (one of the island's two English-language dailies) at 11F, 110 Yenping S. Road,

Taipei, Taiwan. Tel: 886-2-388-7931 or Fax: 381-8987. Getting to Taiwan now presents fewer problems for European travellers with the growing number of direct air connections between European capitals and Taipei.

In 1993, Taipei entered into reciprocal air traffic right pacts with the UK, Germany and France. EVA Airlines now has a direct service, via Bangkok, between Taipei and London and will soon start a service to Paris. China Airlines (CAL) in September initiated Taipei-Bangkok-Amsterdam-Frankfurt service.

Subsidiaries of British Airways and Air France also now operate flights to Taipei. Where to stay should be determined by the visitor's centre of activity.

Lobbyists should consider hotels close to Taipei's key centres of political influence. The Taipei Hilton or the Lai Lai Sheraton are both a short walk from the Executive Yuan (or cabinet) and the Legislative Yuan and near to other key agencies such as the Ministry of Economic Affairs, the Central Bank of China, the Ministry of Finance and the Ministry of the Interior.

The main disadvantage of their locations on Chung Hsiao West and East Road, respectively, is that a main line of the Taipei mass transit system is now being built under this six-lane avenue.

Executives rushing from the Hilton or Lai Lai to business

appointments in eastern Taipei will learn first-hand why most residents complain daily about the "black age" in city transport.

A compromise choice for those whose schedules are weighted with both political and corporate appointments are a number of hotels on Chung Shan North Road, including the Formosa Regent, the Fortuna, the Ambassador, Royal and the President.

Transportation from these hotels to the political zone is quick, and many local and foreign companies have offices on Chung Shan N. Road, along the city's main north-south corridor. These north-side hotels are also close to the city's traditional night-life zones.

Businessmen whose agenda is dominated by corporate appointments should choose a hotel on the east side, where most key companies and business organisations now have their headquarters.

Among the superior hotels in this region are the Ritz, Howard Plaza, Sherwood, Asia World, Brother, Magnolia and Holiday Inn. Businessmen whose main purpose is to participate in trade shows, international conferences or make trade contacts should consider the Hyatt near the World Trade Center on the extreme east of the city.

Most local hotels offer tour packages for businessmen and their families who have time to take in some of the island's sights.

Outside Taipei: Visitors should not think that the rest of the island resembles Taipei. Taiwan's coast and mountain regions have a number of attractive scenic locations, including Alishan (Mount Ali) and Taroko Gorge.

Time off: The most notable of Taiwan's museums is the National Palace Museum, which contains many art treasures removed by the Nationalists when they fled to Taiwan in 1949-49 (Tel: 886-2-381-2021; Fax: 882-1440).

Taipei now boasts several fine venues, including the National Concert Hall and the National Theatre in central Taipei's Chiang Kai-shek Memorial Park.

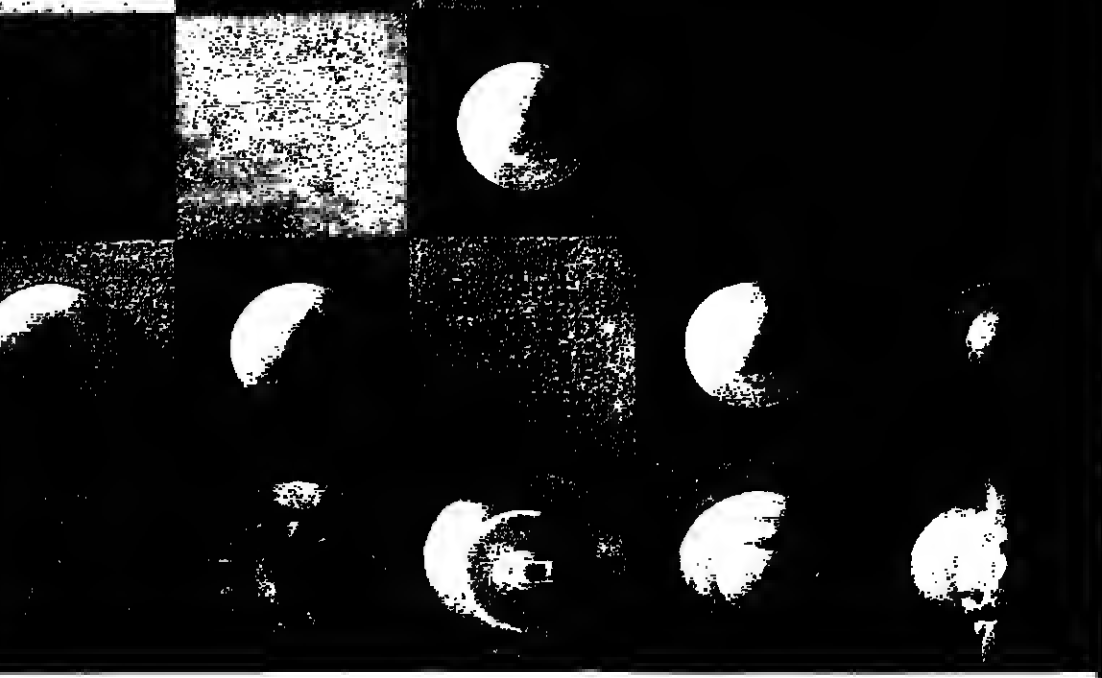
Visitors interested in local handicrafts may consider a visit to the Taiwan Handicraft Promotion Centre on 1 Hsu Chou Rd, Taipei (Tel: 02 321-7233).

The best part of a visit to Taiwan is the food. Visitors are strongly advised to get out of their hotels and explore. Various Chinese regional cuisines can be enjoyed - and may be ordered by simply pointing at menus by those lacking Chinese linguistic skills.

An ideal place to try Taiwanese food is "Green Leaf" (Ching Yeh) on Chung Shan North Road. An alternative is "Water competitor, 'New Leaf'" (Shin Yeh), which has several locations in Taipei.

Dennis Engbarth

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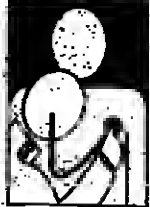
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MANAGEMENT

Work without strain

National Back Pain Week starts in Britain on Monday. Carol Cooper reports



FOR some people, every week is back pain week. Although estimates vary, back pain is responsible for more than 50m certified sick days a year in the UK, and a sizeable loss of output by anyone's reckoning. Since some 80 per cent of people in the west suffer back pain at some time, symptoms could be considered part of the human condition, but they are not unavoidable.

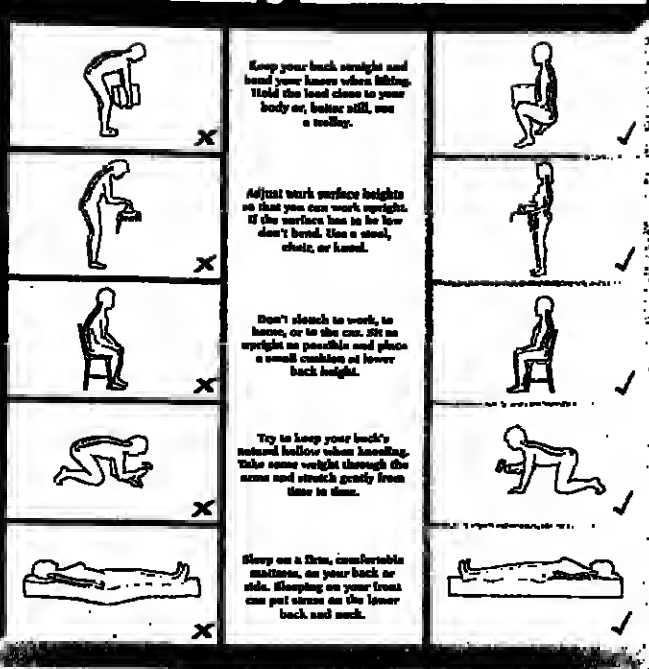
Most of those afflicted have low back pain, because the greatest mechanical stress is at the base, but pain can occur anywhere in the spine and may radiate down a leg or arm. Symptoms usually resolve with a little rest along with painkillers and perhaps local heat to ease muscle spasms.

The spine is a complex piece of machinery originally designed for creatures that walked on all fours. Tumours and other diseases do occur, but the most common cause of back pain is mechanical strain, which is where some problems could be avoided.

Many accidents reported to the Health and Safety Executive arise from manual handling of loads, but pain results from repetitive trauma as well as one-off injuries.

The HSE publishes guidelines on the weight of loads that should be carried. These are by no means absolute, for many factors - including workplace routine and individual fitness - affect the risk of injury. Under the Manual Handling Operations Regulations 1992, assessment of risk rests on the employer. Employees should also reduce the need for heavy or awkward handling in order to lessen the dangers.

Watch your back.



Some 80 per cent of people in the west suffer back pain at some time in their lives

There are several obvious ways to do this, from making the load lighter to giving employees better training. Almost everyone knows what a good lifting technique is, but few people - even those with backache - put it into practice.

Backache also comes to those who sit and work. Research shows that much more weight passes through the discs when sitting than when standing. Perhaps this is because the spine's gentle S-shape

is lost when seated. On car journeys, it is worth stopping regularly to get out for a stretch, however tight the schedules. If buying a car, it is a good idea to choose a model in which the height as well as the angle of the seat can be adjusted.

In the office, the height of chair and/or desk may need adjustment. Short breaks to stretch the back should be the order of the day.

Particular problems can arise with VDUs, of which there are close

to 10m in use in the UK. Mastering a PC should include attention to the physical aspects of sitting at a terminal for any length of time.

Following EC directive 90/270, new legislation came into force in the UK on 1 January. It applies to those using VDUs for a significant part of the day, and obliges employers to evaluate possible risks (both physical and mental) to take steps to reduce risks, and to provide staff with information and training.

Back problems are less likely if elbows are at right angles and the upper arm vertical when using the keyboard. Shorter people may benefit from footrests, and under the legislation anyone who asks must have one provided.

Chairs should tilt slightly forward, and the computer screen positioned straight ahead in the line of vision, with the aid of monitor arms or telephone directories. Unfortunately this may increase glare - and eye symptoms - from the screen. It is also impossible to arrange with laptops.

Again, breaks are needed before tiredness sets in - at least once an hour for a few minutes, or as long as it takes to remove one's eyes from the screen and do some stretching, at the desk if it is impractical to get up.

The Organisation of Chartered Physiotherapists can give advice to businesses on the ergonomics of office work (Tel: 0762 77462).

The HSE Information Centre is at Broad Lane, Sheffield S3 7HQ (Tel: 0742 892345; Fax: 0742 892333).

Chiropractors in the UK are offering free back-pain screenings and posture checks next week (Call Free-phone 0800 212618).

The author is a London general practitioner.

CHRISTOPHER LORENZ

The best way to rear corporate babies



LIKE lumbering behemoths let loose among a litter of their newborn, large companies have a nasty habit of trampling their fledgling ventures to death. The surviving progeny then take as long as eight to 10 years to stand profitably on their own feet. Their parents would do far better to farm out the task of child-rearing to experts who are better at it: the venture capital community.

That just about sums up conventional wisdom on "corporate venturing": the spawning of internal ventures by established companies. After successive waves of fashion since the 1960s, it fell out of favour in the mid-1980s, as the well-publicised experiences of a few companies, including CBS and Shell, seemed to show once again that "intrapreneurship" was rarely worth the effort and pain involved.

But this conventional wisdom is wrong on almost every count, according to a controversial book from Harvard Business School Press by two entrepreneurship professors. Called "corporate venturing", it re-analyses many studies on the subject.

Most large companies are certainly slow and clumsy. But the professors claim that quite a number have demonstrated that a fair proportion of new ventures can become profitable within two or three years if they are managed properly, and that as many as half can do so within six years.

More surprising still, the book claims that a like-for-like comparison between the record of corporate venturing and external venture capitalists shows that the latter do no better than corporations: about one in 10 investments turns out to be a blockbuster, while two or three yield mediocre returns, and the rest fail.

All this will startle anyone who remembers the spate of 1980s reports about the abysmal experience of individual large companies with internal diversification.

One should certainly be wary: the two academics, Zenas Block of New York University and Ian MacMillan of Wharton, are

marshalled evangelists for corporate venturing. Moreover, assessment of ventures' success and failure, even from large-scale statistical studies, can never be crystal-clear: it is always coloured by certain assumptions.

Yet Block and MacMillan's conclusions are firm enough to rekindle the flames of corporate interest in venturing, now that the need for whole-scale revitalisation, rather than just restructuring, is being recognised by a growing number of companies (see last Monday's article on corporate creativity).

One researcher, above all, is to blame (or thank) for the poor reputation of corporate venturing over most of the past decade: Ralph Biggadike.

His seminal study, of 68 ventures started by 35 large US companies, was summarised in a

larger study a full decade later, which suggested that more than 40 per cent of US ventures - a remarkable rate - had become profitable after less than three years.

Leaving aside the question of whether all the early performers in that survey would have remained profitable - in Biggadike's study, more than half did not - Block is right when he complains that companies are too ready to believe that a statistical study can be an accurate predictor of what will happen if they take a particular course of action.

As he says, that ignores the unique character of every company and every venture. Such studies can provide only general guidance. What matters are the circumstances of each case, and how well management tailors its practical actions to suit them.

It is here that the Block-MacMillan book is at its strongest. For instance, it advises companies to avoid in most cases the popular - but dangerous - step of housing ventures in separate divisions from the mainstream business.

Instead, says the book, they should frequently be placed within existing divisions, but sheltered from normal planning and control systems; otherwise they will be strangled. They should be given high-level sponsorship, but must also manage political relationships and expectations.

In trying to make their culture more entrepreneurial and venture-friendly, say the academics, companies should not follow the popular but ineffective "cultural transplant" route: trying to imitate the innovative culture of creative giants such as 3M. Instead, they should develop their own unique brand of entrepreneurship by learning from their own past experience with innovation projects - failures as well as successes. A new venture is no less an experiment than one conducted in a scientific laboratory.

3M, Hewlett-Packard and a few other creative big companies have long shown that such careful self-education is vital for a giant which wants to avoid stifling its new ventures - and eventually consigning itself to oblivion.

One researcher, above all, is responsible for the poor reputation of corporate venturing: Ralph Biggadike

Meet the business schools

The days when an MBA was the guaranteed passport to personal riches and an exciting new job disappeared with the recession. The world's most popular postgraduate business qualification is still widely admired, but, increasingly, employers want to know where it was granted.

With more than 90 business schools offering courses in the UK alone - on top of a highly visible dozen in continental Europe and a substantial low-visibility tail -

individuals planning for the academic year starting next October are overwhelmed by choice.

Given that the cost of a 12-month full-time course could be as much as £25,000 - to which must be added lost earnings - their decision is not likely to be a light one.

One way to survey the options is to look at one of the guides on the market. These include the Economist Intelligence Unit's *Which MBA?* (£21.90), *Which Business Qualification?* (Kogan

Page, £16.95), and the *Guide to Business Schools* published by Pitman publishing with the Association of MBAs (£16.99 including post and packing).

Another way is to attend AMBA's forthcoming Going To Business School reception at the Institute of Directors in London on Monday October 18.

The event, which lasts from 4.30pm to 8.30pm, will be attended by 24 of the top UK schools, eight continental European institutions,

and eight North American.

Approximately 800 would-be MBA students attended last year; the turnout this time should be an indicator of whether the historic pattern of growth - interrupted in 1992-93 - is likely to be resumed in 1994-95.

Entry is free but pre-registration is requested using the freephone number of National Westminster Bank, the sponsor: 0800 282700.

Tim Dickinson

PEOPLE

Jacomb and Norrington retire from Barclays

The first effect of the arrival of Martin Taylor as chief executive of Barclays emerged yesterday when the bank disclosed that Sir Martin Jacomb, below left, one of its two deputy chairmen, and Humphrey Norrington, below right, one of its two vice chairmen, are retiring from its board.

The retirements are both linked to Taylor's arrival from January to take over the chief executive role from Andrew Buxton, the bank's chairman. The bank need no longer maintain such an intricate structure of responsibility on its board to

counterbalance Buxton's dual roles. Jacomb, who is 63 and a member of several other boards, stayed on as deputy chairman for a year at Buxton's request, despite passing his retirement age of 62.

With Taylor's arrival Jacomb has taken the chance to leave Barclays, which he joined in July 1985, from the year end.

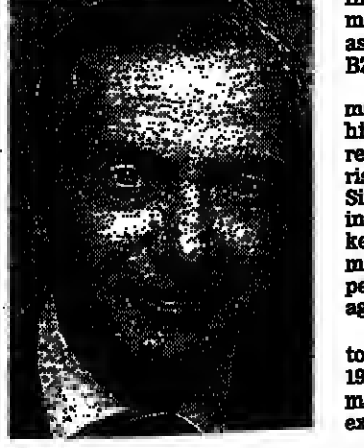
A signal of intentions emerged this week when Jacomb was named as chairman designate of Delta, an electrical engineering company. He already chairs the British Council and Post Investment Management. His most vital role at Barclays was as the first chairman of its BZW investment banking arm. Norrington's early retirement at the age of 57 follows his handing over senior responsibility for the bank's risk management this year to Sir Peter Middleton, its remaining deputy chairman. He has kept a role in risk management, as well as overseeing personnel and property management.

The bank said that Norrington, who joined Barclays in 1980 and became a vice chairman in March 1991 after being executive director in charge of

overseas operations, had decided to retire from December 3.

Norrington's executive responsibilities will pass to Taylor; his departure will leave Alastair Robinson, head of its banking division, as sole vice chairman. Taylor will take responsibility for the group credit policy unit, which oversees the bank's lending.

The changes leave Sir Peter Middleton as chairman of the group credit policy committee; Taylor will join this committee.



Bank of Ireland: Downes goes up

Margaret Downes has assumed the deputy governorship of the Bank of Ireland, Ireland's second largest clearing bank. She replaces Bernard Breen, who will continue on the court of directors until next year, when he retires.

Downes, 60, has sat on the bank's court (board) of directors since 1986 and is currently chairperson of Gallagher (Ireland). She holds a number of directorships, including the UK high street retailing firm Storehouse, and Ardagh, the Irish glass container manufacturer. She has also been a former president of the Institute of Chartered Accountants in Ireland, and a former president of the European Federation of Accounting Bodies.

The deputy governorship of the Bank of Ireland is a non-executive position. Under a review of court procedures in 1991 it was decided to reconsider the position annually.

Mr Ray McSharry, the former EC commissioner for agriculture, has been the latest addition to the court, having been appointed in March this year.

London Securities eyes Hong Kong

London Global Securities, the securities lending firm set up in 1990, has tempted Hans Beckmann, 30, away from Deutsche Bank to head its new Hong-Kong based subsidiary, London Global Securities (Asia).

Beckmann was previously head of operations at Deutsche Bank Asset Management in Frankfurt. He will be supported in his new role by Katherine Pek, 31, formerly an operations manager with Morgan Stanley in Hong Kong.

London Global Securities employs 54 people worldwide and has offices in London and Greenwich, Connecticut. Its decision to set up in Hong Kong - just four years before the colony reverts to mainland China - was inspired by the

city's strategic status amid the region's emerging markets. "For every one who thinks 1997 is a problem, there are three who think it's an opportunity," said Mike Hird, managing director of the London subsidiary and one of the firm's founders.

James Collins has been appointed md of SAUDI AMERICAN BANK; he moves from the New York office of Citibank.

Richard Day, formerly sales development director of Pickfords, is appointed sales and marketing director of BLACK HORSE RELOCATION.

David Smith and David Hobbey have been appointed directors of HENRY COOKE Corporate Finance.

Watkins takes flight from Chrysalis

Nicholas Watkins has resigned as a director of Chrysalis, the music and media group, to head a management buy-out of its multi-media and in-flight television interests.

Watkins joined Chrysalis from Rank in 1989 to help it refocus its business. He has succeeded to the point where he does not feel Chrysalis has a place for him any longer. His focus is now on the music business - which it re-entered last year - and on television broadcasting activities.

Watkins believes both sides of the business require managers with a creative background. "I'm more of a corporate suit," he says. Chrysalis will keep 15 per cent of the company Watkins is setting up to produce mate-

rial for multi-media and in-flight television companies. He is talking to another three or four potential investors.

John Kerridge, non-executive chairman of RANSOMES, is resigning from the board.

He is replaced by John Clement, currently a non-executive director and chairman of Anglo American Insurance. Clement is a former chairman and chief executive of Unigate and chairman of the Littlewoods Organisation.

The company's chief executive, Bob Dodsworth, has informed the board of his wish to retire in the near future. The company is seeking to recruit two further non-executive directors besides a new chief executive.

FINANCIAL TIMES CONFERENCES INTERNATIONAL PACKAGING AND THE ENVIRONMENT London - 18 & 19 OCTOBER, 1993

The Financial Times second conference on the international packaging industry will look at the implications of legislation and the opportunities and problems facing the industry and its customers. Co-operation in the packaging chain, whether recycling or incineration is the way forward will be examined, as well as the opportunities for new uses of resources.

Speakers include:

<b>The Rt Hon John Gummer MP</b> Secretary of State for the Environment	<b>Mr Clemens Stroetmann</b> Federal Ministry for the Environment, Nature Conservation & Nuclear Safety, Germany
<b>Mr Hans Alders</b> Ministry of Housing, Physical Planning & the Environment, The Netherlands	<b>Mr Yannis Paleokrassas</b> EEC
<b>Mr Thierry Marraud</b> St Gobain Group	<b>Mr Colin J Williams</b> SCA Packaging Business Group
<b>Mr Dermot F Smurfit</b> Jefferson Smurfit Group	<b>Mr Matthias K Miranda</b> Frantschach AG
<b>Mr Walter Brinkmann</b> Coca-Cola International	<b>Mr Andrew Somogyi</b> FEVE
<b>Mr William Seddon-Brown</b> Waste Management International	<b>Mr John Chamberlin</b> Iggesund Paperboard (Workington) Ltd
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FT FINANCIAL TIMES CONFERENCES



## TECHNOLOGY

Electronic gadgetry can now track customer flows in and out of stores, says Della Bradshaw

## The science of shopping

For European retailers, the ability to attract customers and persuade them to buy is often regarded as an art. In the US, on the other hand, retailing is increasingly becoming a science.

What is the optimum ratio of sales staff to customers? How does pricing affect sales? Does a particular advertisement bring more people into the store?

These are topics which US retailers can now accurately measure, using the latest monitoring equipment combined with sophisticated point-of-sale tills.

"Intuitively, we believed that all these things affected our business, but we couldn't prove it," says Phil Johnson, executive vice-president of human resources at Macy's department store, and formerly with Saks Fifth Avenue.

At Saks, Johnson installed the ShopperTrak system from Datacube to count the number of shoppers entering and leaving the store.

At its simplest level, the system was used to calculate peak traffic flows and, combined with information from the point of sale (Pos) equipment, peak "conversion" rates - how many customers were persuaded to buy.

Simple as it sounds, such data were difficult to obtain using traditional manual counting methods - such as employees using "clickers" to count customers as they entered the store.

"It is one of the simplest

things in retailing - knowing how many people come into a store. But we've not had that information," says Johnson. "Eyeball" measuring, he believes, can be wrong by a factor of two or three.

"If you're running an ad, then it can produce very different traffic flows, so data collected on a different day may no longer be accurate," Johnson explains. "The lesson is that traffic is so hard to observe. But we talk about it daily."

ShopperTrak can give customer numbers every hour or for periods as short as 15 minutes. "You can evaluate what you really get from a promotion," concludes Johnson.

The ability to garner such information lay behind the decision of Pier 1 Imports, the furnishing and household goods chain, to install ShopperTrak when the US retail industry went into recession in

spring 1990. "Primarily, we wanted to measure the effect of advertising," says Jim Tener, senior vice-president of operations.

The company soon realised it needed different information and that ShopperTrak could help provide it. "Preliminary results indicated alarming evidence that, in addition to advertising, we needed to focus on more fundamental issues dealing with store operations, namely improving our emphasis on customer service and selling to the customer."

The system helps the store managers decide on strategic issues such as price reductions, how best to display items or whether demonstrating the use of utensils increases sales.

The effectiveness of these is calculated by measuring a base line and then assessing how that changes if a new factor is introduced. For Pier 1, this included changing the ratio of staff to customers and altering the times when staff cleaned or

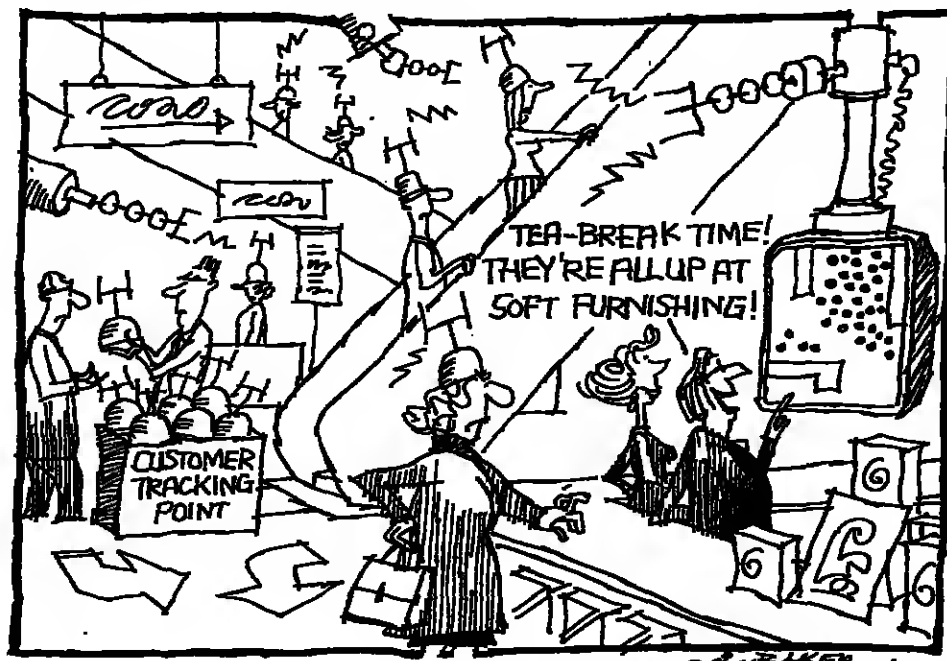
stacked shelves.

In one store in Toms River, New Jersey, the company experimented with changing the staff-to-customer ratios from a high salesperson presence of 5:1 to a low of 1:1. It decided the optimum ratio was 7:1 - above that conversion rates did not increase.

The company also wanted to evaluate how effective staff training was in increasing the conversion rate, explains Tener. Although the concept of sales training was devised by the managers themselves, ShopperTrak enabled the company to measure the effects of the training.

Using such techniques at the Toms River test site, Pier 1 managed to increase the conversion rate from 24.6 - just under one-quarter of shoppers made a purchase - to 28.1 per cent, which equated to a 14.2 per cent increase in turnover.

"The exciting thing to me is that we know exactly why it went up," Tener points out.



"We can measure cause and effect," Pier 1 plans to do more testing in its stores. Eighty of them already have the system installed and by the end of February 1994, between 150 and 160 of Pier 1's 615 stores will have ShopperTrak.

The financial payback is easy for Tener to calculate, as each of the stores, with an average area of 9,000 square feet, has a single entrance. With the systems costing \$4,000 (£2,600) a time, Tener believes each system will pay for itself in less than a year.

At Macy's, the calculations are not so simple. It would be too expensive for the store to install equipment round every entrance to individual departments, and so conversion rates can only be measured through the store, not on a department-by-department basis.

At Selfridges in London, however, one tracking system has been installed over an escalator, which could result in a floor-by-floor count. In one discount store in the US, says Chris Carey, president of Datacube, systems have been

installed to enable the shop managers to count customers as they enter each aisle.

Nevertheless, Johnson saw positive results at Saks even when treating each store as a discrete unit. "Sales had a positive change simply by telling staff what the conversion rate was, how to improve it, and how it was improving. We got a 2 to 3 per cent change in conversion rate for nothing."

Tener also noticed changes in attitude at Pier 1. "Our people developed a competitive environment. One shift tried to

outdo another. Johnson believes that in the future such systems could lead to changes in the way staff and stores are assessed. "Right now we measure everything on sales," he reports. But high-selling stores may have low conversion rates. The data from ShopperTrak should enable managers to analyse which stores need to produce higher conversion rates and which need to work on attracting more customers into the store.

Carey believes the equipment can bring further advan-

tages such as an appraisal system of managers' performance. To do that, the accuracy of the system is critical, says Johnson. "You're trying to get the people in the store to think in a completely different way, and you can only do that if they have confidence in the data."

The Datacube system uses vertical infra-red beams on a bar attached to the ceiling. Unlike horizontal beams, they are out of the reach of children, who often take pleasure in waving their arms in front of the beams to notch up the numbers.

Because the infra-red beam bounces back once it is broken by the person entering, the system can calculate the height of the object and eliminate from its count anything or anyone under four feet tall - children, prams or shopping trolleys.

ShopperTrak's software can calculate the number of "buying units" entering the store - a family, say - rather than just individuals. And it can combine its data with that from IBM Pos systems to calculate conversion rates.

The latest software from Datacube has been designed for do-it-yourself stores or supermarkets and enables floor managers to predict when they will need to open another check-out lane.

The calculation is based on the number of customers entering and the average time it takes them to complete their shopping. The system is already in use in the US and is on trial at one UK supermarket.

In Europe, Carey sees the differing shopping habits as a challenge. In the UK, for example, conversion rates are much lower than in the US - in the high teens rather than the mid-20s, says Carey. But so is the ratio of staff to customers.

While Pier 1 calculated that 7:1 was the optimum ratio in its stores, in the UK there are 30 or even 40 customers on average for just one shop assistant. "In the US, somewhere along the line customers have demanded service," says Carey. "In the UK it's not even started."



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### Worth Watching · Della Bradshaw



#### Multimedia on the move

Two Japanese notebook PC manufacturers, Panasonic and Toshiba, have launched portable "multimedia" machines, which combine text, graphics, sound and video in a notebook.

The Toshiba T6600C, based on an Intel 486 DX2 processor, has a 10-inch, 256-colour thin film transistor display supported by a graphics accelerator card. The T6600C comes with the Microsoft Sound System. It will retail for £5,899.

The Panasonic CF-V21P notebook has a tuner video pack, which allows TV stations to be displayed on screen. VCR or camcorder output can also be replayed.

The CF-V21P has been designed to offer a choice of models based round four different processors, which can then be upgraded or parts added. Panasonic: Japan, 6 903 1121; UK, 0344 853915. Toshiba: Japan, 3 443 7171; UK, 0932 841600.

#### Green PCs turn the power off

Over the past six months several personal computer manufacturers have launched "green PCs" that use less electricity, writes Louise Keboe. None, except IBM, has addressed the fundamental issue of encouraging PC users to switch off their machines when not in use.

"Rapid Resume", a feature incorporated in IBM's new line of PS/1 computers, overcomes the drawback of switching off. When the new PS/1 is turned off, the system automatically remembers what the user was doing. When turned on again, the machine returns to the exact spot, eliminating the need to re-open Windows applications and find working documents. And if the user forgets to turn off, Rapid Resume will do it when the system has not been used for a pre-selected period. IBM: US, 914 945 3884; UK, 0705 321212.

#### Light composites take the strain

Composite materials are renowned for being stronger and lighter than steel, but

have traditionally been more expensive.

Cambridge Consultants has now found a way of mass-producing composite structures with all the strength, but at a lower cost. The result could be tough but lightweight car bumpers, train seats, manhole inspection covers and even sports racquets.

Composites, which derive their strength from the lengths of glass or carbon fibre embedded in the resin, are widely used in the defence and aerospace industries. But they could only be mass-produced if the fibres were cut, reducing their strength.

Cambridge Consultants has developed machinery which adapts conventional spinning procedures to weave the fibres continuously in three dimensions. Special resins have also been developed. Cambridge Consultants: UK, 0223 420024.

#### Satellite antenna in the briefcase

The high-tech antennae used in Israel's most sophisticated smart bombs have now been converted for civilian use, stuffed into the lid of a briefcase.

The antenna forms part of the Bipest portable satellite communications system, which can be used to send phone, fax or data messages via Inmarsat satellites. The system incorporates a notebook PC, hard disc, printer and communications software.

Although several other satellite transmitters and receivers are already available, their antennae usually have to be carefully aligned with the satellite - to within 2° - for messages to be sent and received. Rafael, of Haifa, manufacturers of Bipest, say the flat antenna gives a wider tolerance, making the equipment easier to use. Rafael: Israel, 4 795435.

#### Carrier bag that's very square

A revolution in carrier bags which involves cutting four holes in the plastic receptacle may sound unlikely. But the Saklok carrier, distributed by WBC Packaging of Tonbridge, Kent, believes it is exactly what is needed for carrying home a take-away pizza. Because the corners of the square box sit securely in the holes of the Saklok carrier, the pizza arrives home as it leaves the shop. The bag can also be used for carrying cake boxes or trays of garden plants. WBC: UK, 0732 810611.







Pakistan's general election, called to break prolonged political deadlock, has failed to produce the desired result.

Ms Benazir Bhutto, the former prime minister, has defeated her bitter rival and successor in office, Mr Mohammed Nawaz Sharif. But, with just 89 seats in the 217-member national assembly, her Pakistan People's Party lacks an overall majority and must seek other parties' support.

Ms Bhutto's margin of success seems too narrow to assure Pakistan of the stable government it needs if it is to solve its political, social and economic difficulties. As one senior former minister said yesterday: "A hung parliament is a political and economic disaster."

The main consolation is that the poll was completed with little of the bloodshed which often accompanies Pakistani elections; thanks to army supervision, it was also largely free of vote-rigging. The verdict therefore seems to be a true reflection of the people's wishes. The pity is that the result gives the winner a difficult hand to play.

Ms Bhutto's delicate position is the consequence of long-term army involvement in politics. Born out of the bloody partition of India, Pakistan has always lived in the threatening shadow of its huge neighbour. The army has dominated public life and military dictators have ruled Pakistan for 24 out of its 46 years in existence. Of its civilian prime ministers only one has completed a five-year term - Ms Bhutto's father, Zulfikar Ali Bhutto, the feudal landowner from the southern province of Sind.

Hopes were high that Ms Bhutto could follow his example when she first took power in 1988 after the death of the dictator General Zia Ul Haq. But the army and bureaucracy's refusal to co-operate, combined with her own mishandling of relations with the military and the president, Mr Ghulam Ishaq Khan, brought Ms Bhutto down in 1990. Mr Sharif, an industrialist hand-picked for government by the army, ran into the same trouble this year - and was forced to resign by the generals.

Ms Bhutto's prospects of establishing power more firmly this time rely primarily on creating better relations with the army and with the bureaucracy headed by the president. She believes her chances are better because the generals are no longer as hostile as in 1988. The new army chief of staff,

## A second bite at the apple

Stefan Wagstyl on Benazir Bhutto's election success



Benazir Bhutto: poll victory gives her a difficult hand to play

General Abdul Waheed, who took office in February, is considered relatively unpolitical. Also, Mr Khan, the president who opposed her in 1988-90, was this year sacked by the army at the same time as Mr Sharif for his part in causing political chaos. A new president will be elected in polls in November. As Ms Bhutto said in a recent FT interview: "The [power] structure that was there has mercifully changed quite radically today."

However, what has not changed is the mutual hostility between her and Mr Sharif, whose Pakistan Muslim League (Nawaz) party (PML) will form the opposition. Their hostility to each other poisons the atmosphere and distorts decision-making. For example, both leaders promised voters constitutional amendments to reinforce the prime minister's power by curbing the president's powers. But Mr Sharif is now unlikely to co-operate in a move which would only strengthen Ms Bhutto.

Ms Bhutto's last government was also hampered by conflicts between the federal authorities in Islamabad and Punjab, the richest and most populous of the four provinces and the heart of Mr Sharif's power.

When provincial polls are held on Saturday, it seems likely that Punjab will stay in Mr Sharif's hands.

Mr Sharif, Pakistan's first businessman-prime minister, has left behind a mixed legacy. He promoted economic deregulation, foreign trade and investment. But his policies were marred by over-spending on projects such as a \$1bn motorway, over-borrowing, and an upsurge in corruption.

Also, the end of US and Soviet involvement in the Afghan war left Pakistan almost alone in coping with the effects of the conflict - including continuing fighting in Afghanistan and the spread into Pakistan of arms and drugs. Pakistan's international isolation increased due to worry over its nuclear programme - a concern which prompted the US to cancel aid. Ms Bhutto says her first priorities now are promoting economic growth and ending Pakistan's isolation.

Her economic options are limited by the decisions taken by Mr Moeen Qureshi, caretaker prime minister. Mr Qureshi has been forced to seek emergency loans from the International Monetary Fund

to ease a foreign exchange crisis caused partly by Mr Sharif's profligacy and by last year's floods. These have led to a slowdown in economic growth from an annual average of 6 per cent to just 3 per cent in the year to June 1993. Mr Qureshi's IMF-approved programme consists of devaluation combined with raising revenues by introducing agriculture taxes, clamping down on corruption, and squeezing tax dodgers, defaulters on loans from state banks and non-payers of utility bills.

Ms Bhutto pledges to continue with Mr Qureshi's programme, including the agriculture tax, though she has expressed reservations about his proposals for its implementation. But her conservative, landowner-dominated party may drag its feet on this and other measures. Many of Mr Qureshi's measures are implemented via ordinances which will lapse unless confirmed by the national assembly.

Public finances are burdened by military spending and debt repayments which together absorb about three-quarters of the budget. Since neither can be easily cut the chief route to stabilising public finances is through raising revenue, as Mr Qureshi has recognised. The hurdle is the belief of many politicians that the rewards of office include personal enrichment. This disregard for the law has given rise to a black economy estimated to be half the size of the official one.

It is difficult to see how Pakistan can generate enough funds for education, health and other social programmes without bringing more of the black economy into the tax net. Without better education, improved health and population control will be largely unachievable. Ms Bhutto's PPP is the self-proclaimed party of the poor; it remains to be seen whether they benefit from her rule.

As for international relations, Ms Bhutto sees rebuilding ties with the US as a top priority, including addressing Washington's complaints about alleged state terrorism, the nuclear programme and Pakistan's support for insurgents in the troubled Indian state of Kashmir. The difficulty lies in squaring US demands with domestic pressures - such as a powerful pro-nuclear lobby.

Ms Bhutto says that with the elections over, she will fight the "battle for the progress of Pakistan". The danger is that she may be overwhelmed, as she was before, by the battle for progress in Islamabad.

## Joe Rogaly

# The Tory jungle book



The Conservative party conference has not been a total shambles - so far. There is still the little matter of the prime minister's speech this afternoon, but we have been trained to have low expectations of that. We are unlikely to be disappointed. If Mr John Major had his way the leader's speech would be billed as routine, not a matter of political life or death. As he is apt to remark, Lincoln's Gettysburg address received poor early notices.

Mr Major is painfully aware that he plays best in sitting rooms; that he has not developed the knack of communicating from a remote platform to a large audience. Curiously, the same may be said of the Kenneth Clarke, the man got up by the press as the pretender. In private or talking informally to a small group Mr Clarke is excellent: persuasive, open, unafraid to take any direct question. Give him a speech to read and his best friends will tell you that he lacks the musical ear, the knowledge of when to pause and when to emphasise, that mark the orator.

Unlike the prime minister, the chancellor usually knows what to say. "Any enemy of John Major is an enemy of mine," he told the conference yesterday. Afterwards, briefing the media, he reminded us of the prime minister's remark, recorded here last week, that he would go into the jungle with Mr Clarke and not be afraid to turn his back. Not to be outdone, the man who is safe in the jungle said that he, Clarke, would be unafraid to turn his back on Mr Major in the dark. The harsh truth is that when you have spent a week among the beasts of this

particular jungle, you wonder that they do not all wear double-thick suits of armour.

The affecting pair-bonding of the prime minister and his chancellor might offset some of the deumities that have marred the conference. The disparaging remarks about Mr Major attributed to Lady Thatcher have done the usual damage, but less than last time, which was less than the time before. Before too long there will be nothing left but a handbag in an empty hall.

Conscious of their role as a TV studio audience, the assembled party workers in Blackpool have exerted themselves to persuade us that the Tories are united. The trick does not always work.

Last year we witnessed a televised drama of a party in disarray, particularly when Lord Tabbitt led his anti-Maastricht rabble into the chamber and directly challenged the prime minister. This year every entrance of the prime minister, every reference to loyalty has been loudly applauded - only slightly less so, perhaps, than one speaker's attack on the media.

Erecting a facade of unity is not the only purpose this year's conference is supposed to serve. Saving Mr Major's skin apart, the ambition has been to re-establish the Conservatives as the guarantors of law and order and the least-worst managers of the economy.

On Wednesday Mr Michael Howard disregarded 14 years of Conservative failure to control crime and sought to appear tough without succumbing to the calls of one favoured speaker for flogging, hanging, castrating and permanently

incarcerating criminals. His proposals, some of them sensible, ignore the social causes of crime, and do little to reassure us that fewer women will be raped, fewer houses will be burgled, or fewer cars robbed. They merely position the Tories in a political marketplace that has moved rapidly towards the conviction of a few wrongdoers on the grounds that they did not or could not answer questions on arrest, but that appears to be regarded as a small price to pay.

Yesterday the chancellor sought to persuade the electorate that the hole the government is in is of foreign origin.

"The recession has affected the whole of the industrialised world," he protested. His purpose was to prepare party and public opinion for a budget and public spending package that is likely to be less stringent than

currently implied, while protecting the Conservative government from blame for getting the public finances into such a mess. He archly congratulated Lady Thatcher for her role in 1981, when tax increases were imposed in the name of sound money. The Tory tax bombshells due to rain down on us next year, including the highly unpopular value added tax on domestic fuel, were three times credited to his predecessor.

In this way, blame for anything Mr Clarke may impose in November is minimised. The chancellor has amply demonstrated his skill at political disguise. We will be able to assess his skill at running the Treasury when he presents his budget and spending proposals in 53 days' time. Until then,

write him down as the prime minister's best buddy.

Mr Michael Portillo, the chief secretary of the treasury could not be so designated. The mere mention of his name yesterday was greeted with foot-stamping applause. He is the Tom Cruise of the cabinet: absurdly young, and extremely dangerous. Although he did not address the main conference, he continues to build his constituency on the right of the party, while behaving perfectly properly as a loyal member of Mr Major's team. At a fringe meeting last night he attacked "political correctness" and spoke up for the "decent majority". He appears to be a libertarian, although he does not wish the state to be neutral - he calls it immoral - in the signals sent out by its taxes, benefits and matrimonial laws. These should encourage family values, discipline and individual responsibility.

Mr Portillo sees a market for right-wing ideology in the 1990s. Not so Mr Douglas Hurd, who will doubtless be long retired when the young Cruise reaches the pinnacle of his career. The foreign secretary said last night that "we should not give the impression that we believe in permanent cultural revolution, in the style of Trotsky or Chairman Mao... We must show that we are not driven by ideology to question every function of the state." Mr Hurd's words are closer than Mr Portillo's to the thoughts of the pragmatic Mr Major or one-nation Mr Clarke.

The foreign secretary has the stature to resist the political correctness of the Tory right. Other speakers, even the Christian Democratic Mr David Hunt, have peppered their remarks with cheap anti-Euro shots. There have always been at least two kinds of Conservative, but establishing which is ascendant is better done out of office than in.

**Michael Portillo has emerged as the Tom Cruise of the cabinet: absurdly young, and extremely dangerous**

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### Rescue culture needs law changes

From Mr Stuart D Hollander.

Sir, I am delighted that the vexed question of UK law in respect of insolvency is beginning to get the airing it deserves. In view of the many unsecured creditors which have robbed shareholders and creditors and weakened the UK's industrial base. Robert Rice's article "Towards a rescue culture" (October 5) is an enlightening contribution to the debate.

Whether or not the 1986 Insolvency Act is working depends on your definition of "working". As the article points out, the intent is not being fulfilled. This is particularly the case in rescues or recoveries, where the management is trying to turn round the company, but continues to be excluded along with the owners/shareholders by banks in pursuit of a quick run for their money.

This malpractice almost inevitably takes place at the time when the foundations of a turnaround have been laid. Such was the case in the recent demise of a quoted clothing group of which I was

chairman (Dunkeld Group plc). I know we are not alone.

The article does not mention that the law permits a bank under the terms of its debenture to put its own short-term interests on the table and ignore recent investment by shareholders and the security of creditors.

These interested parties will have been encouraged by the bank's initial support for the refinancing process, the kernel of the "rescue culture", and possibly by its position as shareholder.

It must be in the interest of all those involved in the risk ventures necessary for the country's industrial success for legislators to give shareholders and creditors an opportunity to negotiate a less lethal attack than receivership, if, in their combined judgment, it is likely to lead to the successful continuation of the recovery.

The absence of that opportunity seems to be the essential difference between the American and British environments. "Mutual obligations" might provide a suitable framework within which the necessary

legislation could be developed.

The article did not refer to the fact that the use of the same company as both investigating accountants and receivers has, in many cases, increased the likelihood of the receivership route and the inherent conflict of interest the practice creates. This custom needs to be outlawed in the interests of objectivity and a "rescue culture".

I hope that the lessons learned from the current state of avoidable receiverships will be used by the authorities to amend the regime. This would help in the creation of the so-called "rescue culture" and should be designed to afford some protection, or at least sufficient time, for those brave enough (or foolish enough under the current rules of the game) to take on the responsibility of corporate rescue work.

Stuart D Hollander, Services, 19 Sandy Lodge Road, Moor Park, Rickmansworth, Hertfordshire WD3 1LP

### Expanding company audits

From Mr George Lapsley.

Sir, The recommendation of the working party of the Institute of Chartered Accountants in England and Wales ("Companies may have to review internal controls", October 2) relating to the proposed audit of internal financial controls adds fuel to the debate about the statutory obligations of companies to report to shareholders.

This emphasis on reviewing internal financial controls may well be justified and certainly accountants would welcome further statutory underpinning of their fee income.

But what about other activities and operations in a company? Should there not be a statutory requirement to report on marketing, quality, product development, research and development, manufacturing? Are these not just as important to the health of a company as financial controls and possibly of even greater significance to shareholders and investors?

There must be many organisations with sound financial controls which face a difficult future because they do not have the right people or the right strategies.

Clearly these sorts of issues are of fundamental importance and need to be dealt with in annual reports in a manner which is meaningful while not giving undue commercial advantage to others. Perhaps non-executive directors should be playing a part? They may be the people to take responsibility for an independent "health check", reinforced by some statutory realignment of their responsibilities which also protects them with respect to other directors on the board.

My self-interest is evident. Provided of course such "health checks" are undertaken by suitably qualified management consultants who are members of this institute. But such self-interest is no worse than that which prevails when the bodies that fulfil a statutory obligation are seen also to influence its scope.

George Lapsley, President, Institute of Management Consultants, 32-33 Hatton Garden, London EC1N 8DL

### Goode and bad

From Mr Roger Urwin.

Sir, There have been two letters recently (October 2 and 4) expressing the view that the Goode committee's proposals do not have any negative implications for pension funds' exposure to equities. It is asserted that derivative instruments can be used to "avoid a substantial shift away from equities" while giving sufficient protection against a fall in the market leading to a failure to satisfy minimum solvency standards.

We agree that derivatives will play an important part in providing this protection, but disagree that their use does not alter equity exposure. Derivative instruments used in this context simply provide a less transparent means to reduce equity exposure. This is clear when one considers that investors on the other side of the put option contracts involved would be selling equities.

Roger Urwin, E. Watson and Sons, Watson House, London Road, Reigate, Surrey RH2 9PQ

### FT assumes a comic outlook

From Mr Roger Cooper.

Sir, The battle of words reported by Observer ("Top of the pops", September 24) reminded me of my years in solitary confinement in Iran when there was all the time in

the world for anagrams. I discovered to my dismay that the FT was "semi-infantile chat". Roger Cooper, Waddington House, Nr Banbury, Oxon OX17 1SD

# Today Europe.

# Wednesday 13

# The World.

The FT Exporter is a quarterly review providing comprehensive, up to the minute news and information for exporters, including an exclusive Top 100 list of the UK's leading exporters.

It will provide expert analysis of export opportunities in China and Poland as well as insight into the cross-border trade implications of the GATT negotiations.

Mr Mickey Kantor, the United States' top trade official, gives his views on building links with Asia - and the risks for Europe if it does not do so.

There is also a users' guide to export finance, profiles on the most successful exporters and much more besides.

So if you're interested in the world of exports read the FT Exporter, published on Wednesday, October 13 with Europe's Business Newspaper.

FT Exporter.

FT. Because business is never black and white.

### Rejecting the benchmark

From Mr Stuart Fowler.

Sir, Barry Riley is topical and accurate ("The time has come to cut Japan down to size", October 6) in reflecting the frustration felt by many managers of international equity portfolios with the high and fluctuating proportion of the total international market capitalisation that Japan represents, particularly when investing outside the US. However, pension fund trustees have heard this before and I believe they are shy of letting managers blame the benchmark for their performance.

The reason trustees are frustrated with managers' frustration is that they know two things about Japan which they find hard to reconcile. First, its valuation basis, by any measure, has altered radically in recent years (from boom to bust would probably sum up most images of its recent stock market history). Second, with few exceptions, managers appear not to have altered their exposure to Japan significantly during this period. This observation is supported by the evidence of performance measurement universes on both sides of the Atlantic.

The absence of dynamic responses to changing country valuations is a form of "closet indexing". Because the majority of returns in an international equity portfolio are explained by country decisions (regressions of randomly constructed portfolios since 1980

show over 80 per cent of portfolio variance is explained by country exposure), trustees may wonder whether they are paying an active fee for the wrong type of activity.

It is easy to exaggerate the effects of country concentration in an international portfolio. For instance, for a US-based international investor (for whom the Japanese decision is dominant) with as much as 20 per cent in non-US markets, the effect of holding the index with nothing in Japan compared with a full index weight would have been to reduce the volatility (standard deviation of annual returns) of the entire portfolio since 1973 by 0.1 per cent.

Compared with the lost opportunities from genuinely active management of the country exposure based on a sensible and consistent valuation discipline, excuses about the benchmark should cut no ice with trustees. Their best solution to the problem of assessing the short-term performance of managers lies in trying to understand what managers have done with their opportunities, a process in which the long-term benchmark should make only a small contribution.

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## FINANCIAL TIMES

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## Mr González talks tough

MR FELIPE GONZÁLEZ appears to have changed tack. After weeks of fruitless negotiations with Spain's trade unions over proposed budget cuts, labour market reforms and wage ceilings, the Spanish prime minister declared this week that his minority government would try to impose the changes anyway. But whether Mr González can fulfil this threat, and make his reforms stick, is quite another matter. Tough words and confrontational actions may cheer the financial markets, but they will not necessarily deliver the fall in wage inflation upon which sustained recovery depends.

Mr González has reason to feel frustrated. The collapse of the hard exchange rate mechanism, the focus of his economic policy, has exposed the seriously depressed and distorted state of Spain's economy. But it has not yet prompted Spain's labour leaders to agree to the kind of reforms in the country's anachronistic and inflexible labour market upon which growth depends.

Wage inflation is the immediate problem. Despite Spain's persisting recession and an unemployment rate of 22 per cent, core price inflation is stuck at 5.5 per cent while wage inflation remains above 7 per cent. Slow growth and rising spending on public sector wages and benefits mean that the budget deficit will grow to 6.2 per cent of gross domestic product this year, once again outstripping last year's over-optimistic target. Meanwhile, these persistent wage pressures continue to persuade the Bank of Spain that keeping short-term interest rates in double figures is necessary, despite the devalued peseta's new-found stability. This is crushing domestic demand and adding to the government's budgetary woes. At the root of the problem lies the restrictive nature of Spanish

labour market regulations. There may be a happy medium between over-regulated continental Europe and America's hire-and-fire culture, but Spain is very much at the regulated extreme. Its notice and severance pay requirements are restrictive even by European standards. The result, in addition to persistent wage pressure, has been a rise in the percentage of Spanish workers in unprotected temporary jobs, from 14.2 per cent in 1987 to 31.1 per cent in 1991, over twice as high as in any other OECD country.

At last, Spain has a government which appears willing to address these deficiencies. Last week, finance minister Pedro Solbes announced a plausibly tough budget, which projected a deficit of 5.7 per cent of GDP next year by assuming that the government could impose a civil service pay freeze and limiting next year's pension increases. Meanwhile, Mr González says he will unilaterally push through a liberalisation of the hire-and-fire rules and a shift towards plant level bargaining.

But Mr González is playing a risky game. While looser labour laws are a necessary condition for renewed employment growth, the key to his budget and employment hopes is economic recovery. This means lower interest rates, soon which, in turn, require a rapid moderation in wage inflation. But the British evidence does not suggest that either deregulation or a shift to plant-level bargaining will deliver lower wage inflation, certainly not when the reforms are first introduced. Back in August, Mr González was right to seek to negotiate a wage pact to cap average private and public sector wage inflation over the next three years. The wage pact remains the key to rapid interest rate cuts. It is too early to give up the search for consensus.

## Securitisation

BRITAIN'S BANKS are showing strong interest in "securitisation". The process, common in the US, involves selling packages of mortgages, personal loans and the like to third-party investors in the form of bonds. Yesterday's £200m issue of securitised personal loans by Barclays Bank followed a £300m issue of mortgage-backed loans by National Westminster Bank last week.

It is easy to see the advantage to financial institutions of selling on their loans. Securitisation shifts the risk of default to the new investors, so freeing up capital which banks can use to make other loans. But is the process also beneficial to borrowers and the wider economy?

Some borrowers may experience an initial queasiness at the thought that the ultimate owner of their mortgage is not the high street bank from which they originally borrowed but an anonymous Belgian dentist or multinational oil company. Could the new owners jack up interest rates or take a tougher line in the case of arrears?

Such concerns are unfounded. Under a typical securitisation deal, the original lender continues to manage the relationship with the borrower, and commits itself to treating securitised loans in exactly the same way as ordinary loans. A Barclays or a NatWest would have no incentive to crack

down especially hard on borrowers whose loans it had securitised as that would damage its reputation without enhancing profits.

Another concern is that securitisation may simply be a clever piece of financial engineering, artificially driven by regulation. The reason for being suspicious is that the banks' main motive for securitisation is to get loans off their balance sheets and hence avoid onerous capital adequacy requirements imposed by the Bank of England.

While it is impossible to dismiss this concern entirely, the Bank's capital adequacy requirements seem sufficiently flexible to avoid such capital market distortions. Moreover, securitisation could provide real macroeconomic benefits by promoting a more efficient capital market.

Traditionally, banks both originate loans and carry the risks associated with them. Investors, on the other hand, have no way of investing directly in mortgages or other personal loans. The best alternative is to invest in a bank, but that carries all sorts of other risks they may not wish to bear.

Securitisation allows banks to concentrate on originating loans and the ultimate investors to select more precisely the type of assets they wish to buy. The overall upshot could be lower capital costs and a greater pooling of risk.

## All-Share changes

WHEN the FT Actuarial All-Share index first saw the light of day in 1982, it contained sectors such as shipbuilding, rubber manufacturing, and discount houses.

Thirty years later, the British economy has changed greatly, thanks to the decline of service industries, the growth of manufacturing, and the privatisation of utilities. The indices that carry the FT name have changed too, and from January 1994 they will change again, with the introduction of such new industry sectors as gas distribution, medical ancillaries and support services.

The work of reclassification is huge. It has been accomplished largely as a result of a partnership, cemented last year, between the Financial Times, the Institute and Faculty of Actuaries, and the London Stock Exchange. This agreement gives the FT-SE 100, the All-Share and the rest of the shared family of indices a consistent set of rules, overseen by independent committees of market participants.

One of these groups, the FT-SE Actuarial Industry Classification Committee, has carried the burden of re-assessing the industry sectors for the UK market.

They have achieved three significant improvements. First, each individual industry sector has been redefined to meet the activities of today's companies, rather than those of yesterday. Second,

the stock exchange's much more detailed classification has been incorporated into the new conceptual framework, so it now forms the bottom tier of industrial "sub-sectors". Third, the old "economic groups", the broad industrial categories such as capital goods, the consumer group, the industrial group and so on, have been radically overhauled, to yield groups which cluster together industries which move in step through the economic cycle.

Not every one will be happy with the changes, at least at first. Some companies will dislike their new homes; some investors will be unhappy at the loss of familiar sectors. The committee is happy to listen to those companies which believe they have been misclassified. And back histories of the new sectors, already calculated, give the new classification an instant pedigree. Most important, perhaps, the reclassification is based on a consistent set of principles, published explicitly. It now reflects the desire to make the governance of the indices transparent and independent.

The sponsors of the indices - the FT, the stock exchange and the actuaries - are keen to acknowledge their debt to the people who did the work, the members of the classification committee. The investment world will benefit from their efforts for years to come.

In a secluded hotel outside Brussels, European Community finance ministers gathered today for a strategy meeting that could also represent a session of revelatory group therapy. For the first time since the summer monetary crisis which led to the virtual collapse of the European exchange rate mechanism, the ministers will discuss what went wrong, and what happens next.

Although French and Belgian politicians have made intermittent statements blaming "Anglo-Saxon speculators" for the currency unrest, the public debate on the lessons of the July-August debacle has barely begun.

But in private, there has been plenty of hard thinking about the future of European monetary co-operation and the goal of economic and monetary union.

The question is whether the EC has the political will to chart a new course to restore confidence in the project for economic and monetary union or whether European currencies will continue to drift apart. The emergency agreement on August 3 on wider 15 per cent fluctuation bands in the ERM brought the EC a breathing space after the successive currency upsets since autumn 1992.

Mr Helmut Kohl, the German chancellor, has forecast a slippage of "a year or two" in the Maastricht timetable. The Bonn government and the Bundesbank, however, maintain that the hand widening leaves the EC fundamentally on track for the Maastricht aim of achieving ERM by 1997 at the earliest and 1999 at the latest. In spite of discomfort in Paris over the weakening of the French franc's link with the D-Mark, this view is backed by the French government.

Mr John Major, the UK prime minister, has struck a jarring note by saying the ERM plan has "all the qualities of a rain dance and about the same potency" - a statement which has caused irritation in the EC Commission in Brussels.

In some German business and financial circles, there is agreement with Mr Major's view that the Maastricht timetable is unrealistic - but this is a long way from the official line in Bonn.

One point seems to be undisputed: there will be no return to the old ERM, in which most currencies fluctuated around a 2 1/2 per cent band, until the recession on the Continent has clearly come to an end. Earlier hopes of a progressive narrowing of the 15 per cent fluctuation bands by the end of the year have been quietly dropped.

Yet the common European interest in monetary stability should not be underestimated. Most member states want to avoid competitive currency devaluations - shown by the way that ERM members have

## A caravan lost in the sands

Hard thinking on prospects for European monetary union has begun, say Lionel Barber and David Marsh



not used their new-found flexibility during the last two months to lower their currencies significantly against the D-Mark.

Far less common ground exists on what might replace the old narrow-band ERM which was supposed to represent the route to Emu.

Mr Jacques Delors, the EC Commission president, has toyed with the idea of curbing currency speculation by placing exchange controls on speculative borrowing. His sentiments are fairly widely shared on the continent, but his suggestion has drawn criticism from the UK, and even the French government regards it as a non-runner.

Sir Leon Brittan, EC Commissioner for external affairs, has meanwhile urged states to stick to the Maastricht objectives but to make use of their greater exchange rate flexibility. He has called on countries such as France and Belgium to take advantage of the looser ERM arrangements to cut interest rates and promote economic recovery.

In Brussels, the Commission is pinning its hopes on the European Monetary Institute. It is to be set on

January 1, 1994 - at the beginning of so-called "stage two" of Emu - as the forerunner of a future European Central Bank.

One idea circulating in Brussels is that individual central banks should pool resources so the EMI can intervene to defend embattled currencies. This idea is, however, rejected by the Bundesbank, which wants to retain complete autonomy before the planned establishment of a fully-fledged EC central bank.

A broader goal of most EC governments is to use the EMI to help persuade the Bundesbank to take other countries' economies into account when taking interest rate decisions. Mr Felipe González, the Spanish prime minister, said this week he hopes the EMI will ease the "frustrations" of having to wait "week by week" for the Bundesbank to lower interest rates.

So far, member states have failed to agree on the EMI's location or its president. EC leaders will try to break the deadlock at a special summit on October 29, when the Community is expected to place the EMI in Germany.

However sensitive the question of

where to site the EMI, the real issue is the drive by other EC members to draw the Bundesbank into a more formal system of monetary co-operation.

Much will depend on the state of the Franco-German alliance, which was badly bruised during the summer. Mr Horst Teltschik, former foreign policy adviser to Chancellor Kohl, and now a board member with the Munich-based BMW motor group, describes French requests for unlimited support for the franc during the monetary upset as irritating: "They sometimes confuse our interests with theirs," he says.

One senior member of the Bundesbank council singles out for criticism Mr Edmond Alphandery, the French economics minister, over his much-publicised call in June for the Bundesbank to lower interest rates: "He is a beginner, and he made a beginner's mistake."

France wanted to take advantage of Germany's perceived economic weakness caused by reunification to push for greater monetary co-ordination. The signs are that Paris has not abandoned this strategy.

In August, Mr Edouard Balladur,

the French prime minister, persuaded Mr Kohl to agree to a "convergence" programme which Brussels and Paris officials believe could pave the way for more institutionalised co-operation.

The immediate outlook, however, for progress along the path towards Emu appears gloomy. Three obstacles are apparent.

● Germany's own post-unit problems. Large fiscal transfers from west to east Germany - currently more than DM150bn a year - will be needed for at least another decade to maintain east German living standards. During this period of strain for the "anchor" economy in Europe, Germany is unlikely to be politically or economically ready to subsume its D-Mark into a single European currency.

● The diminishing chances that member states can meet the Maastricht convergence targets, set down as conditions for Emu. This year, general government deficits across the EC will average about 6 per cent of GDP - double the 3 per cent target set at Maastricht.

● The increasing temptation for European countries to see exchange rate flexibility as a means of solving economic problems. Britain, Italy, Sweden have shown that devaluation can be the clue to lowering interest rates and restoring modest economic growth.

France's position is crucial. It remains torn between its desire to maintain a tight link with the D-Mark and its need to engineer an economic recovery.

The Paris government's cautious monetary policy since August has allowed French long-term interest rates to fall again to German levels. France is hoping for a faster lowering of German interest rates next year, and a corresponding weakening of the D-Mark. But this is a gamble for the Balladur government as France heads towards the 1995 presidential elections.

The French strategy underlines how the Bundesbank remains the EC's supreme monetary arbiter. Mr Hans Tietmeyer, its new president, last week signalled that the central bank's policies would remain geared to Germany's economic priorities, not the rest of Europe.

Thus for all the ERM's new-found flexibility, the Bundesbank's anti-inflation stubbornness could still cause difficulties. Some EC Commission officials worry that members of the ERM "hard-core" such as France, Belgium and Denmark will be unable to maintain their recent currency stability unless they soon act to restore economic growth through more aggressive cuts in interest rates. If these cuts do not materialise, these Brussels officials believe, another currency upheaval could be in store - an event which could postpone Emu until the next century.

## Palestine needs home-grown prosperity



With the signing of the PLO-Israeli agreement, the international community and the Israelis have acquired a big stake in the economic success of the Palestinians.

The initial response has been encouraging. The October 1 donors' conference in Washington garnered aid pledges of more than \$2bn over the next five years, with about \$500m pledged for 1994. It was also agreed the World Bank would have the main responsibility for co-ordinating aid.

The aid numbers game is essential to focus the minds of the donors. But the aid effort will fail to foster sustained Palestinian economic development unless:

● the Palestinians manage their own economy, including establishing an agency to deal with the donors;

● aid does not exceed the Palestinian economy's capacity to absorb it;

● donors co-ordinate aid effectively;

● and there are rapid and visible improvements in economic conditions in Gaza and the West Bank.

Not enough attention is being given to helping Palestinians develop a capacity to manage their own economy and rely on their own resources to finance development. A Palestinian economic administration will start by taking over the economic functions of the Israeli civil administration, now staffed by Palestinians with Israeli upper management. Future Palestinian managers should begin working with the Israelis as soon as possible. They need to be trained now to deal with the massive challenges of running and redesigning the system.

To avoid becoming too dependent on outside aid - a sure way of losing economic independence and eventually retarding economic growth - the Palestinians must develop their own sources of revenue. They currently pay about 13 per cent of gross national product in taxes, half to the civil administration. The Israeli-PLO agreement specifies that direct taxes in the territories be transferred to the Palestinian administration. They should

also receive the remaining revenues, which include customs duties. Both economic independence and responsible government spending are enhanced if revenues come from taxation rather than foreign aid.

The aid agencies and the governments they represent are powerful and could easily impose their priorities on the Palestinians. Thus the Palestinians need urgently to create

**Economic autonomy and responsibility are enhanced if revenues come from taxation not aid**

an agency to set their own aid priorities and co-ordinate donors. Technical assistance to do this could be provided by university affiliated advisers. The assistance may be financed by aid agencies, but should not be provided by them.

The overall size of the aid package should be guided by the capacity of the Palestinian economy to absorb it. With Palestinian GNP at

less than \$4bn and GDP at less than \$3bn, massive amounts of aid (more than 12-15 per cent of GNP) could overwhelm the fledgling Palestinian administration and lead to greater economic dependence.

The Palestinians and aid agencies will have to draw up detailed plans for economic assistance, for financing specific projects and for general budgetary support, before aid figures can be trusted. The World Bank's estimate that the infrastructure needs of the next 10 years amount to \$3bn is only one element of the calculation. But it would be surprising if much more than \$500m a year could be productively absorbed in the next few years.

In eastern Europe, competing aid agencies overstretched the capacity of recipient governments and reduced the effectiveness of the aid effort. Donor governments in principle now recognise the need for aid co-ordination. They need to agree on an overall total for general assistance, to divide the total among them, and to select an agency to deliver the aid with appropriate conditionality. They also need to avoid an unseemly scramble for

projects. The World Bank could handle both parts of the co-ordination task. It remains to be seen if governments permit it to do so.

There is an urgent need for short-term financial assistance that produces visible improvements for Palestinians. Labour-intensive projects, improving roads and sewers and housing, can get under way within months.

For the longer term, the economic policies of the Palestinian entity are more important than the amount of aid it receives. With free trade and economic co-operation with its neighbours, access to European and US markets, a well-designed aid programme and good economic policies, the Palestinian economy can gradually become economically independent and generate the prosperity that can sustain peace.

Stanley Fischer

The author is professor of economics of the Massachusetts Institute of Technology and was formerly vice-president and chief economist at the World Bank.

## Never say never

EC finance ministers meeting today near Brussels to ponder the aftermath of the summer ERM crisis should have packed their history books.

For there is a strong sense of déjà vu imparted by that early August communiqué announcing that member states would be widening "temporarily" the bands within which their currencies fluctuate. In September 1981, when Britain left the gold standard, Downing Street explained that the Bank of England would "suspend for the time being" its obligation to exchange sterling for gold.

Forty years later, it was Richard Nixon's turn to tell his country that he had decided to "suspend temporarily" the dollar's convertibility into gold. In his celebrated TV broadcast of August 1971, Nixon also demonstrated that French politicians were not the only ones to vent their spleen on the markets when the going gets rough. The US president blamed "international money speculators" for the dollar's woes. "Because they thrive on crises, they help to create them," he argued.

It was a similar story the next year, when Anthony Barber, the UK chancellor, announced that sterling was pulling out as "a temporary measure" from the ERM's forerunner, the currency

snake. Sterling then stayed out of Europe's currency arrangements until the fateful decision to enter the ERM in October 1990.

Ministers today will be hoping that August's suspension of the narrow-band ERM does not turn out to be as permanent as the "temporary" steps of yesteryear.

## Way out

Has trade minister Richard Needham hit on a solution to the blocking tactics of top civil servants famously portrayed in the Yes Minister TV series?

"I can't fire anyone," he complained to a fringe meeting during the Tories' Blackpool conference. But then he added brightly: "I can give them a nervous breakdown and hope they'll leave."

## On target

After a week of stylish farewells to the town that first welcomed him as a junior international banking officer back in 1965, Sir William Purves left Hong Kong last night bound for London, from where, in accordance with the wishes of the Bank of England, he will now run HSBC Holdings.

His last public act was at a luncheon at the Foreign Correspondents' Club. All other ceremonies had proceeded smoothly, but the normally unflappable Purves began to look

## OBSERVER



a little queasy as club president Philip Bowring kicked off his introduction by mentioning the 1982 Carrion property scandal.

Recalling a confidential memorandum of a meeting between Sir John Bembridge, Hong Kong's gruff and tough financial secretary of the day, and a Malaysian government investigator, Bowring told how Bembridge had roundly labelled many of the colony's great and good implicated in the scandal. Purves' name had, of course, come up, Bowring related to a hushed audience. "Honest" had been Bembridge's summary appraisal. Sir William's integrity has long been a legend in a town notorious

for sharp practice. At a farewell for him and Lady Becky earlier this week, Gordon Wu, managing director of construction group Hopewell Holdings, who has known him for more than 20 years, spoke of a great loss to Hong Kong. "He's as straight as an arrow," Wu added. Nervous staff at the London headquarters, who have heard also of his irascibility, are presumably even now burnishing their shields.

## Bitter lemons

How badly does a Commonwealth member have to behave before being asked to stay away from the club's biennial get-together which opens in Cyprus later this month?

One might have thought that ignoring the result of a presidential election was a pretty severe infringement of the Commonwealth's new code of conduct, drawn up during the last conference in Harare, Zimbabwe, which underlined the importance of the "democratic process (and) ... fundamental human rights".

When Nigeria's General Ibrahim Babangida annulled the result of the June presidential elections, and extended the life of a military regime fronted by civilians, there was a stern rebuke from the Commonwealth secretary-general Chief Emeka Anyaoku, himself a Nigerian. Poor show, was his message, as he called on the military regime to "return the

nation to the democratic road" and restore Nigeria's standing in the wider world.

But let's not poop the party. An invitation to Cyprus has gone off to Ernest Shonekan, leader of Nigeria's military-backed government, and he has accepted with alacrity.

## Switched off

Terrified of spiders, water or work? Fear no more, help is at hand via the DTI whose enterprising officials have handed out £45,000 towards a guide on how to overcome just such phobias.

According to Stuart Toole, managing director of software house CASW, which is crafting a computer program to help sufferers combat their fears, phobias constitute one important reason behind rising absenteeism from work.

Sadly the DTI declined to explain how this initiative would help those afflicted with that common phobia - of computers.

## There's the rub

Analysts tired of hunting for hard data in company chairmen's reports would probably award the head of Thailand's Saha Union conglomerate good marks for at least admitting it. A page at the front of the group's accounts is headed: Message to shareholders.



## Rühe calls for new Nato partnership with Russia

By Quentin Peel in Bonn

A CALL for the Nato alliance to develop a "new strategic partnership" with Russia to meet Moscow's security interests came yesterday from Mr Volker Rühe, the German defence minister.

In a speech reflecting growing western concern at the pressure on Mr Boris Yeltsin, the Russian president, from his own military establishment, Mr Rühe told senior officers of the armed forces: "We will only achieve stability with Russia, not against it."

His statement amounts to a retreat from his earlier position, in which he stressed the need for rapid enlargement of Nato membership to include Poland and other central European countries - to the obvious anger of the Russian military.

Mr Rühe repeated his call for a "transfer of stability" by the Nato alliance to the east, linked to extension of the European integration process to include east European countries.

"Preventive crisis management

means for us Germans above all extending the zone of stability in the west as far as possible to the east," he told officers' annual meeting in Mainz. "Germany has no interest in remaining the east-frontier state of the western zone of prosperity. We are the ones who feel the effects of instability in the east most immediately."

This time, however, Mr Rühe stressed the need to take account of Russia's security interests. "Russia will not and must not be excluded from the European [integration] process," he said.

"It is striving for a new strategic partnership with Nato and a political-economic partnership with the European Community."

Mr Rühe has run into sharp criticism in Germany and Poland over earlier calls for rapid Nato membership, and also for joint Polish-German military exercises. The more careful tone in his latest policy statement appears to indicate that concern about the military influence in Moscow has now reached the planning staff of the armed forces.

the Russian parliament.

The Russian leader sent a personal letter to government leaders in the US, Britain, France and Germany warning against an expansion of Nato to the east, without taking account of Russian security concerns.

He has also sought to raise the ceilings on his forces in the Caucasus region, or breach the terms of the conventional forces disarmament treaty with the west.

Another sign seen as an ominous indication of military influence in Moscow was the army's free hand in supporting Abkhazian rebels in Georgia, in spite of the fact that Russia was supposed to be an impartial arbiter in the conflict there.

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## US airlines must wait to compete in Europe

By Andrew Hill in Brussels

EUROPEAN Community airlines and telecommunications groups must be given time to grow stronger before the European market can be opened to full outside competition, according to the EC's competition commissioner.

In a speech due to be delivered in Washington last night, Mr Karel Van Miert said that although the EC was pledged to liberalisation in both sectors, it would not improve competition to give US companies immediate access to the European market.

Instead, he said EC airlines and telecommunications companies should be allowed to "grow strong" within a liberalised internal EC market.

In the text of his speech - released in Brussels ahead of last night's address at the European Institute Club - Mr Van Miert pointed out that US airline companies "grew strong on the back of the world's largest and still protected market". EC air transport and telecoms companies deserved an equal chance to become competitive.

As the EC's transport commissioner until January this year, Mr Van Miert helped persuade EC member states to liberalise the Community's air transport market. Under the "open skies" programme, which came into force on January 1, airlines are allowed to set fares at any level, and EC carriers can compete on routes previously dominated by national airlines.

The text of last night's speech underlined his continued concern about discrimination in the US air transport market. He said the US would have to treat EC airlines in the same way as it treated its own before US carriers would be granted access to Community markets. The Community approach "is not a competitive free-for-all that could lead to ruinous competition".

Mr Van Miert said he also wanted to end the "popular misconception (in the US) that a large part of industry in Europe is either publicly owned or publicly controlled" and that it benefits from unfair state support.

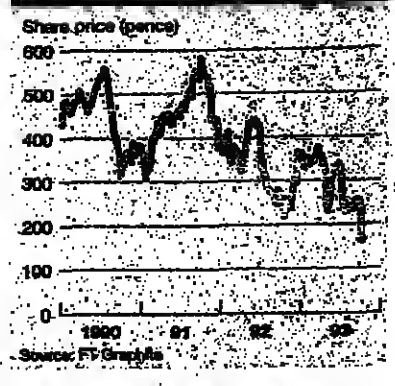
Such a misconception soured commercial relationships between the US and the EC, he said, particularly when state-owned EC companies wanted to make acquisitions in the US market.

## THE LEX COLUMN

### Clarke's conundrum

FT-SE Index: 3092.4 (-8.4)

#### Tiphook



can be made. Selling bonds backed by mortgages might allow the banks to continue building market share in the housing market, for example, without cramping their style elsewhere. Unsecured loans tie up even more capital than mortgages for regulatory purposes, so Barclays' issue of bonds backed by personal loans brings even greater benefits in this regard.

While neither bank is under immediate pressure to raise capital, testing the water now might pay off later if loan demand recovers in line with the economy. Even if capital remains plentiful there is virtue in keeping the loan book balanced between different types of risk. Having expanded in commercial property lending in the 1980s, Barclays in particular will appreciate the danger of having too many eggs in one basket.

#### Securitisation

It is no coincidence that Barclays and National Westminster should launch asset-backed bond issues in the space of two weeks. The Accounting Standards Board was brought on side earlier in the year, clearing a potential obstacle to this method of taking loans off balance sheet. After a period of doubt prompted by the travails of issuers such as National Home Loans and Leyland, Df, investors have also emerged a thirst for bonds backed by mortgages and other loans. New issue spreads have narrowed as a result, presenting the banks with an opportunity to raise cheaper funds.

Even so, clearing banks could still raise money more cheaply in other ways. The real gain arises from the transfer of risk to bond holders, which frees capital against which new loans

the prices achievable for forthcoming issues. But maximisation of revenue is not the government's sole priority. It has broader aims to encourage wider share ownership and encourage France's securities markets. Moreover, it could reckon that what it loses now can be made up later. In the same way as the UK government achieved a strong price for the third tranche of BT shares.

The trouble with this theory is that investors may prove smarter than the government anticipates. Of necessity, the privatisation programme has had to be front-loaded with attractive assets most likely to appeal to foreign fund managers. The government, though, may receive a nasty shock if it subsequently aims for latter prices on less appealing propositions like Bull and Air France.

#### Tiphook

Tiphook's sunny disposition has let it down, once more. Less than six months ago the company was cheerily brushing away worries that it might breach its banking covenants. Now those limits stand at risk and gearing is likely to exceed the level allowed by the company's articles of association. Nor are its constraints particularly conservative. Tiphook's main covenants are set at 1.25 times interest cover and gearing is already permitted to rise to 500 per cent. Loading up the truck with debt has certainly exacerbated the company's difficulties, but its high capital spending is not just a thing of the past. Tiphook recently committed itself to buying £278m of trailers over the next five years.

From now on, cash flow rather than reported profits will determine the company's fate. Banks may decide that renegotiating the loan agreements is preferable to more drastic action, but a much less expansive management style will be needed to contain the situation. Working off Tiphook's mountain of debt will also need the kind of recovery in Europe which is all too clearly absent at present.

In the near term the dividend must look vulnerable, removing one prop from the share price. The net assets per share are an apparent comfort, though the prospect of selling large numbers of trailers and containers in the current market is hardly appealing. There is a good business inside Tiphook, but there remains a risk that the weight of debt will break its axle.

## UK chancellor backs Major and warns of tough Budget

By Philip Stephens, Political Editor, in London

MR KENNETH CLARKE, the UK Chancellor of the exchequer, offered unequivocal backing for Mr John Major's leadership yesterday after keeping open the option of tax increases in his November Budget.

As Mr Major prepared for the most important speech of his three-year premiership at the end of the Conservatives' annual conference today, Mr Clarke dismissed speculation that he is poised on the threshold of 10 Downing Street.

The chancellor, containing a threatened conference rebellion against the imposition of value added tax on domestic fuel, declared: "Any enemy of John Major is an enemy of mine. Any enemy of John Major is an enemy of the Conservative party."

Mr Major managed yesterday to shrug off the appearance on the platform of his predecessor, Lady Thatcher. He is now left with an opportunity to start rebuilding his authority in his

closing conference speech today. Lady Thatcher has dominated headlines in British newspapers this week with criticism of her successor in her forthcoming memoirs.

With Mr Clarke warning of a tough Budget and dissenting Tory MPs threatening to rebel against any further tax increases, few of the prime minister's cabinet colleagues judged the threat to his leadership had disappeared.

In a robust but less than inspirational performance, Mr Clarke hinted that VAT on fuel could be imposed at the full 17.5 per cent from next April. The present plan is for implementation in two stages - at 8 per cent in 1994 and 17.5 per cent in 1995.

He delivered a relatively upbeat assessment of prospects for sustaining the present economic recovery, and said the priority was to curb public borrowing. "The Conservative party is the party of sound money or it is nothing," he added that it had been a mistake to phase in VAT on fuel rather than impose it immediately.

But the chancellor's confident tone, bolstered by the failure of party activists to launch a concerted attack on the tax, was undermined by a renewed attack on his economic strategy by Mr Norman Lamont, his predecessor.

The former chancellor warned that tax increases beyond those he had announced in March would lose the Conservatives the next election. He said that Mr Clarke should instead raise another 55bn through a 2 per cent cut in public spending.

The threat that the political row over VAT on fuel might yet explode again was reinforced by a ministerial row over the proposed package to compensate those on low incomes for higher heating charges.

Senior ministers said that Mr Clarke had flatly rejected a demand from Mr Peter Lilley, the social security secretary, that the compensation should extend to people not reliant on income support.

Mr Clarke said it was "extremely difficult" to compensate that group.

## Satellite TV under threat

Continued from Page 1

Mr George Eriksson, a senior executive of the MPEAA, commented: "It is a very serious problem".

The satellite industry believes the cards are being manufactured in Bochum in Germany.

Mr John Spencer, UK marketing director of G1, the US electronics company which has been monitoring the pirate decoders

believes the VideoCrypt being used by BSkyB is being routinely broken by the pirates. But in a cat-and-mouse game with millions of pounds at stake BSkyB is changing its signal when it thinks the threat from a particular illicit card has become unacceptable.

"Two weeks ago they (BSkyB) changed their signal. It was only a couple of days before new cards were available," said Mr Spencer.

## Russia prepares reforms

Continued from Page 1

satisfy their aspirations of autonomy while retaining the power of the centre to levy and redistribute taxes.

Some ministers fear that if Mr Yeltsin continues to insist on delaying presidential elections until next June, the prolonged pre-election period will again freeze reforms and result in expensive promises.

"I am in favour of simultaneous presidential and parliamentary elections in December," Mr Fyodorov said, "partly because it would be less expensive and partly because it would give the president a better chance to win."

In the two months before the election scheduled for December 11-12, economic changes will be confined mainly to bringing the budget deficit under control.

**FT WORLD WEATHER**

**Europe today**

Winds from the south will occur between low pressure in extreme western Europe and high pressure over the far eastern part of the continent. There will be showers near a lingering front from Italy to Russia dividing cool from warm air. Heavy rain, up to 50-60mm, is expected along the southern Alps. Further north along the front, clouds will prevail but showers will be isolated. However, heavy rain will fall near the front in southern Finland. Rain will be scattered around western Europe, especially in western France and southern England where the steadiest rain will occur. Rain will affect northern Portugal as well. Elsewhere on the Iberian peninsula, it will be dry but relatively cool.

**Five-day forecast**

Low pressure will persist over the far west of Europe. A series of fronts with showers will arrive from the Atlantic over Portugal, western France, and most of the British Isles. In Germany, Austria and the former Yugoslavia, heavier outbreaks of rain are possible on Saturday. Most sunshine will occur in south-eastern and eastern Europe, including western Russia. Temperatures will be unseasonably high in the east.

**TODAY'S TEMPERATURES**

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	30	Madrid	18	London	12	Paris	15
Algiers	25	Manchester	10	Rome	18	Stockholm	10
Amman	28	Barcelona	15	Sydney	22	Tokyo	18
Antwerp	12	Belfast	10	Wellington	15	Zurich	12
Athens	22	Birmingham	10	Yokohama	18		
Bahia	28	Bombay	28				
Bangkok	30	Buenos Aires	18				
Beijing	15	Calcutta	30				
Bombay	28	Cairo	25				
Buenos Aires	18	Cardiff	10				
Calcutta	30	Chennai	28				
Cairo	25	Copenhagen	10				
Cardiff	10	Dakar	28				
Chennai	28	Dallas	18				
Copenhagen	10	Dar es Salaam	25				
Dakar	28	Delhi	28				
Dallas	18	Dubai	30				
Dar es Salaam	25	Dublin	10				
Delhi	28	Edinburgh	10				
Dubai	30	Faro	18				
Dublin	10	Frankfurt	12				
Edinburgh	10	Glasgow	10				
Faro	18	Hamburg	12				
Frankfurt	12	Helsinki	10				
Glasgow	10	Hong Kong	28				
Hamburg	12	Honolulu	28				
Helsinki	10	Istanbul	20				
Hong Kong	28	Karachi	28				
Honolulu	28	Kuala Lumpur	30				
Istanbul	20	Lagos	28				
Karachi	28	Las Vegas	18				
Kuala Lumpur	30	Liège	12				
Lagos	28	Lima	18				
Las Vegas	18	Lisbon	15				
Liège	12	London	12				
Lima	18	Luxembourg	12				
Lisbon	15	Madrid	18				
London	12	Manila	28				
Luxembourg	12	Mexico City	20				
Madrid	18	Miami	28				
Manila	28	Montreal	10				
Mexico City	20	Moscow	10				
Miami	28	Murcia	18				
Montreal	10	Nairobi	28				
Moscow	10	Naples	18				
Murcia	18	Nassau	28				
Nairobi	28	New York	18				
Naples	18	Niagara	10				
Nassau	28	Nicosia	18				
New York	18	Osaka	18				
Niagara	10	Paris	15				
Nicosia	18	Peking	10				
Osaka	18	Prague	10				
Paris	15	Rangoon	28				
Peking	10	Reykjavik	10				
Prague	10	Rio	24				
Rangoon	28	Riyadh	28				
Reykjavik	10	Rome	18				
Rio	24	S. Africa	20				
Riyadh	28	Seoul	18				
Rome	18	Singapore	30				
S. Africa	20	Stockholm	10				
Seoul	18	Strasbourg	12				
Singapore	30	Sydney	22				
Stockholm	10	Taipei	22				
Strasbourg	12	Toronto	8				
Sydney	22	Tunis	30				
Taipei	22	Vancouver	12				
Toronto	8	Vladivostok	10				
Tunis	30	Warsaw	12				
Vancouver	12	Wellington	15				
Vladivostok	10	Yokohama	18				
Warsaw	12	Zurich	12				
Wellington	15						
Yokohama	18						
Zurich	12						

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**INSIDE**  
**Revised sectors for FT-SE share indices**

From January 1994, a revised industry classification will apply to the FT-Actuaries All-Share Index and other FT-SE UK indices. The changes are evolutionary, not revolutionary: there are now 40 industrial sectors, instead of the previous 35, and many All-Share companies will appear in new sectors. A breakdown of the new classification appears on Page 37. Companies affected, Page 27. Editorial comment, Page 19.

**Allianz reveals top holdings**

Allianz's decision to disclose its holdings of 10 per cent or more in financial and industrial companies has been hailed as a milestone in the history of the Munich-based insurer. Page 22.

**US roll of 'worst' performers**

IBM, RJR Nabisco and Bethlehem Steel were named yesterday as being among the financially worst performing large companies in the US. Page 23.

**Queries after Laidlaw departure**

The abrupt departure of the chief executive of Laidlaw, the North American waste services and school bus operator, raises a question mark over the Ontario-based company's 25 per cent stake in ADT, the international security services and vehicle auction group. Page 23.

**Boost for Lloyds Chemists**

Acquisitions helped to boost annual profits and sales at Lloyds Chemists which yesterday reported a 40 per cent increase in the annual pre-tax return to £49.7m (£575m). Page 26.

**Russia hits back at EC curbs**

Russia has told the European Commission, which has imposed curbs on Russian aluminium imports, that it is prepared to cut its exports only if western producers undertake similar "self-restrictions". Page 36.

**Nordic forestry in sector drift**

Over the past year few sectors of European industry have performed as well as Nordic forestry. During the past few weeks, however, shares in most of the region's pulp and paper groups have been drifting because of disappointment that the hoped-for market upturn has not materialised. Back Page.

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James Group	23	Tobruk	22
Kmart	22	Vacom	22
Kostrzyn	22	Wal-Mart	22
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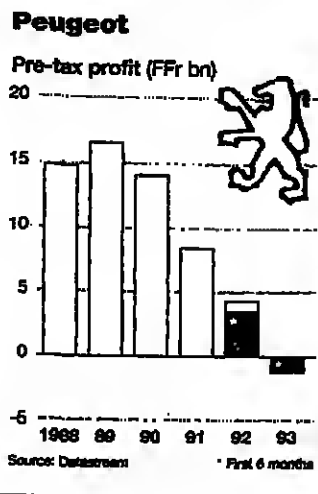
**Chief price changes yesterday**

FRANKFURT (DM)		Sec. Guarantees	676	+ 14
Ribba	1285	Worms Co	319	+ 14.9
Academy	1305	Palais		
Colson Konten	1305	Q. Franc. France	1185	- 27
GBE	430.5	Interchange	520	- 29
Schering	1022	Paris Reassort	473	- 14.4
Saf. Chemie	480			
Veritas	384.5			
NEW YORK (\$)		TOKYO (Yen)		
Ribba	44	1	500	+ 70
Glenn	26	1 1/2	640	+ 40
Liberty Media	26	1 1/4	767	+ 26
Palais	27	5/8	585	+ 59
Coring	23	3/4		
United	23	3/4		
J.C. Penney	45 1/2	3/4		
Sears Roebuck	58 1/2	3/4		
PARIS (FFr)				
Ribba	220		2100	- 200
Franc Lyonnais	82		2830	- 130

**NEW YORK prices at 12.30pm**

LONDON (Pence)		Automated Sec	132	- 7
Ribba	83	4	93	- 49
Abbeycrest	50	3	256	- 11
Amber Day	50	3		
Shibby Ld	92	26	66	- 4
Blackstar	274	14	106	- 8
Bookings	85	6	423	- 30
Drawn Scent	182	15	1610	- 153
Glenn	276	12	168	- 7
Liberty Media	165	8	220	- 20
Palais				

**Peugeot blames loss on falling demand**



**By David Buchan in Paris**  
PEUGEOT-CITROEN plunged into a net loss of FF1.12bn (\$193m) in the first half of this year, the French car group announced yesterday. It said there was no sign of a pick-up in demand.  
The first-half loss compared with a FF2.3bn net profit in the first six months of 1992, and a FF3.37bn profit for the year. The car group blamed the sharp deterioration on the 17.3 per cent drop in west European car demand in the first half of this year and the effects of currency devaluations in Britain, Italy and Spain.  
The adverse effect of currency

variations between the first halves amounted to FF1.23bn. Without this factor, the results would have showed a slight profit, Peugeot claimed.  
Forecasting an industry decline of 16 per cent in sales in Europe this year, Peugeot said it would "significantly" reduce output in the remaining months of this year by short-time working and more permanent redundancies "which it is no longer possible to delay further".  
The group, headed by Mr Jacques Calvet, has long criticised the European Commission for giving Japanese carmakers too free a run in the European market. Yesterday's statement complained that the Japanese had

increased by nearly 1 percentage point their share of the European market.  
However, the group noted it had maintained its 11.9 per cent portion of the west European market in the first half, gaining market share in the UK and Germany. It pinned hopes on the newly-launched Peugeot 306 and the Citroen Xantia.  
Group turnover fell 11.4 per cent in the first half, less than the general industry decline. The company said the decline was only 7.1 per cent if the effects of currency devaluations, reducing the return in franc terms of UK, Italian and Spanish sales, were factored out.  
The downturn caused a deterioration in the group's cash flow to FF5bn in the first half of this year from FF7.8bn in the same period of 1992.  
But this enabled the group to cover 83 per cent of its FF6bn investment in plant and equipment in the first six months of this year, with net financial debt standing at FF17.5bn at June 30, 1993.  
Peugeot's results compare with rival French carmaker, Renault, which in August saw interim profits plunge almost 90 per cent to FF730m, from FF5.4bn in the same period a year ago.  
At the time Renault warned that it saw "no sign of recovery in the European market for cars and commercial vehicles".  
The downturn caused a deterioration in the group's cash flow to FF5bn in the first half of this year from FF7.8bn in the same period of 1992.

**Roche's sales surge in quarter**

**By Ian Rodger in Zurich**

ROCHE Holding, which has just surpassed Merck of the US to become the world's most highly valued pharmaceuticals group, has reported an 11 per cent rise in sales in the first nine months of the year, to SFr10.7bn (\$7.5bn).

The figures reflect an 18 per cent surge in sales in the third quarter, more than double the growth rates in the first and second quarters.

The Basel-based group expected a "further good increase" in sales in the fourth quarter adding: "Barring extraordinary circumstances, another significant increase in group profit is expected for the current year."

Roche shares, both the widely held "gesamtscheine", or dividend right certificates, and the more closely held bearers, have more than doubled in value in the past year, bucking the trend of investors losing enthusiasm for pharmaceutical shares because of increased political pressure on drug prices.

Yesterday's midday prices valued Roche at SFr52.3bn. At Wednesday's close in New York, Merck, the largest US drug group, was valued at \$34.35bn, or SFr48.9bn. Glaxo, of the UK, stood at \$19.9bn (\$30bn).

Roche said all its divisions contributed to the third-quarter growth. Pharmaceuticals revenues, which account for just over half the total, soared 29 per cent to SFr1.3bn.

The group said its drug sales had not been affected as much as those of some competitors by political action against high prices. Its products were biased towards the hospital sector, where competitive forces had long been strong in the US. In Germany, where government pressure on prices had also been stepped up, the emphasis was on doctors' prescriptions rather than hospital purchases.

Roche also pointed out that its sales figures were flattered by the weakening of the dollar.

Among its new products, the anti-depressant Aurorix, launched yesterday by Orix, the Japanese leasing company.

The Shanghai-based venture, claimed to be China's first consumer credit company, will introduce consumers to instalment payments, which until now have generally applied only to housing purchase schemes and Communist Party membership.

"We will be judging Chinese consumers in the same way that we judge the creditworthiness of Japanese consumers. We are aiming at a managerial class, people who can afford consumer durables," Orix said yesterday. "There hasn't really been a system of giving credit ratings to people in China, so this is a historic thing."

Credit has been slow to be accepted in China, which first created its own plastic, the Great Wall debit card, seven years ago

**Alice Rawsthorn and John Gapper assess the pricing of the first French privatisation**  
**An offer investors could scarcely refuse**

French economy ministry officials could barely disguise their glee when they announced on Wednesday that the FF1.12bn (\$1.93bn) institutional tranche of the Banque Nationale de Paris share sale had attracted applications for FF100bn of shares in just two days, and was closing a week ahead of schedule.

The reason for BNP's appeal to institutions is obvious - the offer price. Analysts had been expecting a share price of between FF250 and FF275 for BNP. But the government pitched the price at only FF240, valuing BNP, one of Europe's biggest banks, at FF45bn.

BNP is the first of up to 21 state-controlled companies scheduled for sale in the Balladur government's privatisation programme. The issue will set the tone for the other sales. Yet the closure of the institutional issue prompted the accusation that the government was over-cautious.

"Is the price too low? Of course it is," said Mr Thierry Tamer, head of North American equity sales at Baring Securities in Paris. "But it was not a financial calculation, it was political. The government can't afford to risk its first privatisation being a fiasco."

There are several reasons to believe the price was set too low. The most obvious is that the only tradable shares in BNP, the non-voting Certificats d'Investissement, yesterday closed at FF252.

Since it will cost CI holders FF75 to buy voting rights, this

implies a share price of FF277. Second, the strength of capital flows from US and Japan means that a more tightly priced issue would still have attracted interest. "It was not so much under-valuation as the fact that there is a lot of capital around," said Mr James Alexander, an analyst at Daiwa.

Third, BNP shares some characteristics with the kind of bank which has drawn investor interest in the US and the UK. That is, a bank which is suffering from asset quality problems and indifferent management, but which has strong recovery potential.

Evidence is provided by the pricing of the equity at 78 per cent of net asset value, compared with a 120 per cent valuation for Societe Generale. SocGen reinforced the impression that it is better run earlier this week by announcing a 9.2 per cent rise in net profits.

According to this view, the installation of Mr Michel Fabre as BNP's chairman will allow BNP to release some of the value trapped in its large franchise. Reforms such as cost-cutting and refocusing the business should combine with falling provisions to allow a sharp recovery.

However, other analysts argue that the government would have been unwise to price the issue closer to the level implied by the CI value. One reason is that BNP's share price could yet fall. The second is that there are larger questions about privatisation at stake.

The rally in bank shares this year might come to grief. Investors have already discounted considerable earnings recovery, and some analysts regard French banks as over-priced compared with those of other countries.

Shares of banks such as National Westminster, in the UK, and Citicorp, in the US, have rallied as investors have calculated the potential recovery in earnings, as burdens of bad debt fall away. These "normalised" earnings levels - expected in two or three years - are similar to late 1980s figures.

The ratio of share prices to bank earnings in France are already more demanding than in some other European markets. The multiple for BNP CIs last year was 17.4, compared with an average multiple for Spanish banks, which have performed better than French ones, of 7.7.

This implies that French bank shares are at least capable of a correction later in the year. This is particularly true given the poor state of the French banking market, which is suffering heavily from poor asset quality in the recession.

The government's need to allow a suitable margin is made more pressing by the fact that investors in future privatisations will be able to see BNP's fortunes. "The government isn't an ordinary seller," said Mr Thierry Aualgon, the Trésor official in charge of privatisation. "It needs to maximise the revenue from its entire programme."

The Balladur government badly needs the income from its proposed share sales to stem its rising budget deficit. Official estimates suggest the deficit will reach FF317bn this year. However, private sector economists suspect it could go higher. Mr Jean-Francois Mercier, chief French economist at Salomon Brothers, expects the deficit to grow to roughly FF345bn for 1993.

The government is also aware that it faces competition from other European privatisations - the estimated total value is \$100bn.

Finally, it may have been concerned about public ambivalence towards share ownership. France's last privatisation drive was halted by the October 1987 crash. The misgivings this

caused helped cut the number of individual investors from 3.5m to 4.5m.

This helps to explain why the administration opted for a safe BNP price.

However some analysts are concerned that investors will have been encouraged to expect similarly low prices for other issues, thereby raising the risk of reduced returns.

"Everyone loves a great deal," said Baring's Mr Tamer. "But the BNP issue might have set a bad precedent in that the market may expect sharp discounts for the other privatisations."

Additional reporting by David Buchan

**Bank for sale, going cheap?**



**BNP**

	Market capitalisation Oct 6, 1993 (\$bn)	Assets and 1992 (\$bn)	Pre-tax profits 1992 (\$)	Return on assets (%)
BNP	7.6	284.8	660m	0.24
Deutsche	22.5	303.8	2,32bn	0.78
National Westminster	13.2	216.5	612m	0.28
Citicorp	14.6	211.9	1,43bn	0.68

Sources: Datastream, The Banker

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Additional reporting by David Buchan

**Consumer credit venture for China**

**By Robert Thomson in Tokyo**

AFTER four decades of being judged for their political weakness, Chinese will be assessed for their creditworthiness under a consumer finance joint venture launched yesterday by Orix, the Japanese leasing company.

The Shanghai-based venture, claimed to be China's first consumer credit company, will introduce consumers to instalment payments, which until now have generally applied only to housing purchase schemes and Communist Party membership.

"We will be judging Chinese consumers in the same way that we judge the creditworthiness of Japanese consumers. We are aiming at a managerial class, people who can afford consumer durables," Orix said yesterday. "There hasn't really been a system of giving credit ratings to people in China, so this is a historic thing."

Credit has been slow to be accepted in China, which first created its own plastic, the Great Wall debit card, seven years ago

and has traditionally done business in awkwardly large wads of renminbi or "people's money".

Shanghai Yintong Trust, or Yin-Xin Credit for short, will open next month. Orix has three Chinese partners, the Industrial and Commercial Bank of China, the Shanghai Number One Department Store and Shanghai Friendship Overseas Chinese Company. Orix and the bank each hold 41.57 per cent, the other two share the rest. Yin-Xin has registered capital of \$2.1m and an initial contract life of 20 years.

The Japanese company has a long-term vision of Chinese customers borrowing from Orix-linked loan shops and carrying a pocketful of credit cards, if the Chinese government approves.

Initially, the credit will be provided through state-owned and foreign-backed stores and the sales agents of the Japanese consumer electronics companies. It is intended to support such purchases as television sets, air conditioners and furniture.

Since 1991 the proportion of the group's equity held as American Depositary Receipts has risen from 2 per cent to more than 50 per cent.

Moody's, the US credit rating agency, said last night it might downgrade the rating on about \$700m of the group's debt from B2, which is already a so-called speculative grade.

Lex, Page 20

**Tiphook share value slashed**

**By Andrew Bolger**

SHARES IN Tiphook, the container leasing and transport rental group, fell nearly 30 per cent yesterday after the loss-making group warned that it would breach its banking covenants.

The UK-based group, which has debts of \$1.5bn and gearing of more than 470 per cent, is forbidden by articles of association from allowing gearing to exceed 500 per cent. Shareholders will be asked to approve new borrowing limits, and the company said it had begun to negotiate with its bankers.

The announcement was the latest in a series of shocks from the former stock market star. These have caused its market value to collapse from \$651m in 1991 to \$230.86 at last night's close.

This latest setback calls into question the future of Mr Robert Montague, Tiphook's executive chairman, who founded the group in 1978. It now operates in 36 countries and has the world's second-largest fleet of containers - after Genstar - and Europe's biggest fleet of trailers.

Analysts said the need for the group to obtain shareholder approval of new borrowing limits

at an extraordinary general meeting would give investors an opportunity to depose Mr Montague. The banks, which are negotiating new facilities, could also demand his departure.

Since 1991 the proportion of the group's equity held as American Depositary Receipts has risen from 2 per cent to more than 50 per cent.

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Lex, Page 20

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**ROLLS ROYCE**

**Rolls-Royce plc**

has raised £307 million through a one for four rights issue underwritten by

**N M Rothschild & Sons Limited**

September 1993



## INTERNATIONAL COMPANIES AND FINANCE

# Philips sells video chain to Blockbuster for \$150m

By Ronald van de Krol  
in Amsterdam

PHILIPS of the Netherlands is to sell all its 430 video and music retail stores in the US to Blockbuster, the US video rental and retail group, for \$150m.

The Dutch electronics group, which owns about 7.5 per cent of Blockbuster's share capital, said that its shareholding could rise to about 10.5 per cent if Blockbuster decided to pay for the stores with its own shares.

However, Blockbuster, the world's biggest video retailer, may choose to pay cash, or in both cash and shares.

The deal is expected to be completed by the end of next

month. Philips said the disposal reflected the dominance of the US market by a handful of large companies such as Blockbuster, which operates more than 3,250 video rental shops, most of them in the US. Philips said the US stores would be better off in the long term under Blockbuster's ownership.

The 430 stores being sold belong to Philips' Super Club subsidiary, and they account for about three quarters of Super Club's annual turnover of \$1.85bn (\$465m).

After the sale, Super Club will consist of 330 video rental shops in the Netherlands and Belgium.

The US stores are profitable, but those in the Benelux are

loss-making. The European market is more fragmented than that of the US, and Philips said it had no plans to sell off the stores in the Netherlands and Belgium, where Super Club is the market leader.

Philips, one of Europe's few remaining producers of video cassette recorders, televisions and compact disc players, has been trying in recent years to gain control of retail channels for software such as CDs and video cassettes.

The company said the US disposal did not mark a setback because it remained closely involved in the US retail market through its investment in the Blockbuster group.

## Central bank acts on Ferruzzi deadlock

By Robert Graham  
in Rome

THE Bank of Italy is attempting to help break the deadlock between the administrators of the collapsed Ferruzzi-Montedison group and the creditor banks over proposals to call a temporary moratorium on debt service payments.

Debt service payments are reportedly in the region of \$1.3bn (\$1.81m) a month. Mr Guido Rossi, the chief administrator of Ferruzzi-Montedison, is seeking a moratorium of at least until the end of the year in order to launch a rescue plan for Italy's second largest private group.

This is being opposed strongly by the 100-odd foreign banks. Without an agreement there is a risk of one or several of the banks pressing for bankruptcy proceedings. At the end of last May the Ferruzzi group had outstanding debts of \$2.8bn. Of this sum foreign banks account for \$1.5bn.

Representatives of the 300 foreign and Italian banks are due to meet at the Bank of Italy in Rome today. This is likely to be one of the last opportunities to hammer out a common approach to rescuing Ferruzzi-Montedison in advance of October 14.

Ferruzzi Finanziaria (Ferruzzi), the principal holding company, is then due to approve its half-year results. These results were not approved at a board meeting on September 30 because the extent of losses was liable to alter substantially, depending on the nature of the agreement with the creditor banks.

The Bank of Italy yesterday was careful to point out it had not formally called the meeting but was merely acting as a neutral host.

However, a senior Italian banker said the central bank would be deploying its powers of "moral persuasion". Previously the Bank of Italy had hosted a meeting between the creditors and Ferruzzi-Montedison at its Milan offices. The choice of Rome underlines the venue's importance.

# Allianz disclosure helps clear fog

David Waller writes on the unveiling of the insurer's financial might

ALLIANZ'S decision to disclose its holdings of 10 per cent or more in financial and industrial companies is a milestone in the history of the Munich-based insurer.

The significance of the move lies in what was disclosed - large stakes in 11 German financial and industrial companies and five foreign ones - and because the disclosure was made at all.

It serves to flesh out the contours of Allianz's role as a dominant force in German corporate and financial life, a position the company shares with the Deutsche Bank, Germany's biggest bank. It demonstrates the shareholdings that criss-cross corporate Germany.

There has never been any doubt about Allianz's financial might. Its portfolio of investments was worth DM184bn (\$108bn) at book value alone at the end of last year. As Mr Emilio Gelli-Zuggero, the group's Italian press officer, likes to joke, this would be enough to settle his home country's national debt.

Some of the bigger equity holdings have been known for some time. For example, the 25 per cent stake in Münchener Rückversicherung, the world's largest reinsurer, has been known for decades. Two years ago he stepped up from his position as chief executive to the supervisory board, succeeded by Mr Henning Schulze-Neelle.

Mr Schulze-Neelle would have had to make the disclosure

Premium income at Allianz is likely to rise by 14 per cent this year to DM62bn (\$38.5bn), Mr Henning Schulze-Neelle, the group's chief executive told Wednesday's shareholders' meeting, writes David Waller.

At the same time, the level of losses on the group's mainstream insurance activities - the so-called technical result - was set to fall from the 1992 level, he said.

Total profits, which include earnings in interest income as well as the technical result, would increase in 1993. Last year the net profits dropped by 18 per cent to DM1.68bn, fractionally lower than in the previous year.

Barring unforeseen catastrophes in the final months of the year, this would probably enable Allianz to pay the same level of dividend as last year, Mr Schulze-Neelle said. The 1992 dividend was DM12.50 per share.

could previously only be guessed at.

Now we know that Allianz owns 14.4 per cent of the BASF chemicals group, 12.9 per cent of the RWE energy-based conglomerate, 14.8 per cent of the Linde engineering group, 12.1 per cent of the Veba conglomerate, 16.9 per cent of BHF-Bank. In total, Allianz revealed stakes worth DM8.9bn at the end of June. This is only part of the portfolio, as only stakes of 10 per cent or more were disclosed.

Allianz's tradition of secrecy was the hallmark of Mr Wolfgang Schieren, the architect of the company's spectacular expansion over a number of decades. Two years ago he stepped up from his position as chief executive to the supervisory board, succeeded by Mr Henning Schulze-Neelle.

Mr Schulze-Neelle would have had to make the disclosure

anyway: new securities market legislation to be introduced in Germany next year is likely to set a 5 per cent threshold for disclosure of share stakes, compared with 20-25 per cent at present.

That is not to underestimate the new chief executive's break with the past in releasing the information. Many big German companies are reluctant to make such disclosures. Siemens revealed two large holdings last month only after it lost a court case brought against it by Professor Eckhard Wengert, a well-known champion of shareholders' rights. (One of those holdings was a 3 per cent stake in Allianz.)

Prof Wengert had intended to pursue Allianz in the courts as well but was silenced by Mr Schulze-Neelle's decision.

Allianz's decision to provide more information is not an isolated act. It has to be seen in the context of moves by a number of large companies to enhance their disclosures to shareholders.

The most obvious example was Daimler-Benz's move to publish its accounts according to US Generally Accepted Accounting Principles (US GAAP), a precondition of the mould-breaking listing of its shares on the New York stock exchange earlier this week.

German banks have also taken steps to bring standards of disclosure up to what Mr Hilmar Kopper, Deutsche Bank's chief executive, has jokingly described as the standards of the "civilised" (ie non-German) world.

German corporates are increasingly keen to engage in investor relations activities. This was brought home again this week as retailer Kaufhof Holding announced plans to establish a sponsored American depositary receipt programme for its shares in New York, thus becoming only the second non-financial German company to woo US investors in this way.

These developments show a decisive, if not all-pervasive, shift in the attitude of the management of big German companies to minority shareholders - predominantly the foreign institutional investors whose interests have not tended to be paramount in German corporate decision-making.

## BaE plans sale of Dutch unit

By Ronald van de Krol  
in Amsterdam

BRITISH Aerospace has agreed in principle to sell Ballast Nedam, its Dutch-based construction subsidiary, to the Dutch dredging company Boskalis for around \$150m (\$263m).

The transaction is effectively a reverse takeover, since Ballast Nedam is more than twice as large as Boskalis in terms of turnover.

Boskalis, the world's leading dredger, will finance part of the acquisition through a \$130m share issue. It gave no details but said the tie-up with Ballast Nedam was expected to lead to higher earnings per share, provided that market conditions remained stable.

The deal ends a period of uncertainty about the future of the Dutch construction company. BaE is disposing of the business to help restructure and focus on core activities.

Last month, Ballast Nedam and Boskalis disclosed that they were looking into "possibilities of co-operation", including the option of a full equity link-up. Earlier, Ballast Nedam had attempted to arrange a flotation, but BaE objected, prompting the Dutch company's chairman to resign.

The sale to Boskalis, which is listed, will fulfil Ballast Nedam's hopes of gaining access to the Amsterdam stock exchange.

## Trebruk buys Polish paper group

By Christopher Bobinski  
in Warsaw

TREBRUK, a Swedish paper producer, yesterday took over Poland's heavily indebted Kostrzyn pulp and paper manufacturer for \$800,000 zlotys (\$40).

The Swedish group will take over a 180bn zloty debt which is to be repaid in annual tranches over the next three years. It has promised to invest \$55m in the plant.

Last summer, a number of local creditors agreed to waive Kostrzyn 275bn zlotys worth of debts to make the sale possible.

Trebruk's investment funding for Kostrzyn is to come from a \$32m loan from the

European Bank for Reconstruction and Development (EBRD) of which at least \$7m will be syndicated to Polish and foreign commercial banks.

The EBRD financing is conditional on the raising of a further \$20m by Trebruk from the Nordic Environment Finance Corporation and other investors.

Trebruk is planning to quadruple output at the Kostrzyn plant on the Oder river, 70km from Berlin, to increase exports to the EC. Mr Olle Grundberg, the company's chairman said yesterday.

In 1989, Kostrzyn produced 68,000 tonnes of paper compared to 189,000 tonnes of paper produced in that year at

Kwidzyn, the most modern Polish mill which was sold last year for \$175m to the International Paper Company of the US.

The deal leaves several more paper companies to be sold including the Kielce paper works.

The Polish government was advised on the privatisation of the sector by Hambro's Bank until the end of June this year when Hambro's contract was not renewed.

Schroders, which earlier this year advised the Polish government on the privatisation of the Wielkopolski Bank Kredytowy, has established a wholly-owned subsidiary in Poland.

## Company classifications alter

By Maggie Urry in London

A COMPREHENSIVE review of the companies and sectors which make up the FT-SE Actuaries Share Indices has been undertaken for the first time since 1970.

As a result 303 companies have been reclassified and a number of new economic groups, industry sectors and sub-sectors created.

The new system will take effect from January 4, replacing two existing classification methods, the FT-Actuaries and Stock Exchange Indices.

Mr Nicholas Fitzpatrick, a partner of Bacon & Woodrow,

the actuaries, who chaired the classification committee which drew up the new model, said the system was universally accepted by fund managers and the committee was keen to preserve its authority.

He said it is intended to provide a service to investors by grouping companies together in homogeneous industry sectors and sub-sectors.

Companies were informed of their new classifications by letter yesterday. RTZ, Rank Organisation and Inchcape, three large companies thought to be unhappy about the new sectors to which they have been assigned, each said yes-

terday they were considering the implications of their move before commenting.

For the first time, the rules on which classification decisions are made have been published. Companies are placed in sub-sectors on the basis of the derivation of published, audited profits. The rules say "no changes in industry classification will be made on the basis of promises of action or assertions by directors".

All 2,375 listed and USM-quoted companies have been pigeonholed.

Editorial comment, Page 19; Companies affected, Page 27; New classifications, Back Page

## Matra lifted by Taiwan ruling

MATRA-Hachette, the French defence electronics and media group, yesterday announced that its 1993 results should benefit from the successful conclusion of a Taiwan legal case over damages for the delay in construction of the Taipei metro, writes Alice Rawsthorn in Paris.

Mr Jean-Luc Lagardère, chairman, had previously predicted "significantly higher" net profits for Matra-Hachette in 1993 over 1992, when it made FFY354m (\$61m).

Yesterday the group said the Taipei department of transport was obliged to pay damages of \$77m.

### Notice to the Noteholders of THE CIT GROUP HOLDINGS, INC.

\$10,000,000,000  
8% Notes due November 26, 1994

NOTICE IS HEREBY GIVEN, pursuant to paragraph 6(a) of the reverse side of the 8% Notes due November 26, 1994 (the "Notes") of The CIT Group Holdings, Inc. (the "Corporation"), that the Corporation will prepay on November 26, 1993 (the "Prepayment Date") \$10,000,000,000 of the outstanding aggregate principal amount of the Notes at 100.0% of the outstanding principal amount thereof, plus accrued interest to but not including the Prepayment Date.

The aggregate principal amount of the Notes outstanding on the date hereof is \$10,000,000,000. On the Prepayment Date, \$10,000,000,000 of the outstanding aggregate principal amount of the Notes will become due and payable. Upon receipt of payment by the Corporation, the holders of the Notes shall surrender the Notes, together with all coupons maturing subsequent to the Prepayment Date, by hand or by mail at the office of The CIT Group Holdings, Inc. as follows:

The CIT Group Holdings, Inc.  
1211 Avenue of the Americas  
New York, New York 10036  
Attention: Corinne M. Taylor  
Senior Vice President & Treasurer

Accordingly, no interest shall accrue or be payable on or after the Prepayment Date on the principal amount of the Notes, which will become due and payable on the Prepayment Date.

THE CIT GROUP HOLDINGS, INC.

by The Dai-ichi Kangyo Bank (Luxembourg) S.A.  
as Fiscal Agent

Dated: 8th October, 1993

### THE AETNA INTERNATIONAL UMBRELLA FUND

Société d'investissement à capital variable  
47, Boulevard Royal  
L-2449 Luxembourg  
R.C. Luxembourg No. B27.471

We are pleased to inform shareholders of

### THE AETNA INTERNATIONAL UMBRELLA FUND

that interim dividends for the quarter ended September 30, 1993 have been declared for the funds shown below. The dividends are payable on October 14, 1993 to shareholders on the register as at the close of business on September 30, 1993.

Dividend per share  
(expressed in units of the relevant fund base currency)

	Class A	Class B
Australian Dollar Bond Fund	AS 0.1077	N/A
Canadian Dollar Bond Fund	CS 0.1092	0.1008
Deutsche Mark Bond Fund	DM 0.0764	0.0640
Managed European Bond Fund	US 0.0533	0.0508
Sterling Bond Fund	GBP 0.0851	0.0793
US Dollar Bond Fund	US 0.0694	0.0546
Yen Bond Fund	YEN 4.1381	3.9983
Deutsche Mark Liquid Reserve Fund	DEM 0.0956	N/A
Sterling Liquid Reserve Fund	GBP 0.0911	N/A
US Dollar Reserve Fund	US 0.0291	N/A
Yen Liquid Reserve Fund	YEN 4.9975	N/A

By order of the Board of Directors

Notice given by News Publishers Finance Limited in relation to

### News Publishers Finance Limited

Exchangeable Guaranteed Redeemable Preference Shares due 1998

Notice is hereby given to holders of Preference Shares in News Publishers Finance Limited (the "issuer") that the issuer will redeem all outstanding Preference Shares at par together with accrued dividend on 8 November 1993.

October 8, 1993, London  
By: Citibank, N.A. (Issuer Services)

CITIBANK

### JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)  
Registration number 01/00428/06

### DIVIDEND NO. 135 ON SHARE WARRANTS TO BEARER

Pursuant to the notice published on 8th September 1993 holders of share warrants to bearer are informed that payment of the above dividend will be made at the rate of exchange of 1 rand equals 18.181340p on or after 25th October 1993 upon surrender of coupon no. 136 to Barclays Bank Plc, Stock Exchange Services Department, 168 Fenchurch Street, London EC3P 3HP.

	Amount per share R18.181340
Gross amount of dividend declared	17,2632
Less: South African Non-Resident Shareholders' Tax @ 12.36%	2,1337
Amount payable where a UK Inland Revenue declaration is lodged with coupons	15,1295
Less: United Kingdom Income Tax @ 7.54% on the gross dividend (See notes 1 & 2 below)	1,3189
Amount payable where coupons are lodged without a UK Inland Revenue declaration	13,8106

Coupons must be listed on forms obtainable from Barclays Bank Plc and deposited for examination on any weekday (Saturday) excepted at least seven clear days before payment is required.

Johannesburg Consolidated Investment Company (London), Limited  
3-4 Holborn Circus  
LONDON EC1N 2HS  
8th October 1993  
P.E.C. Daxor  
Secretary

### NOTES:

- (1) The gross amount of the dividend for use for United Kingdom income and Surplus purposes is 17,263.2p.
- (2) Under the Double Taxation Agreement, between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 7.54% instead of at the standard rate of 20% represents an allowance of credit at the rate of 12.36% in respect of South African Non-Resident Shareholders' Tax.

### ABBEY NATIONAL TREASURY SERVICES PLC (FORMERLY ABBEY NATIONAL BUILDING SOCIETY)

\$42,000,000 AMORTISING SUBORDINATED FLOATING RATE SERIAL NOTES DUE 1997

In accordance with the provisions of the Notes, notice is hereby given as follows:

- \* Interest period: October 5th, 1993 to January 5th, 1994
- \* Interest payment date: January 5th, 1994
- \* Interest rate: 6.4375% per annum (including the margin)
- \* Coupon amount: £16,226.03 per Note of £1,000,000

Agent Bank

BNP PARIBAS INTERNATIONAL  
A LUXEMBOURG

### PAN - HOLDING

Société Anonyme - Luxembourg

The half-yearly report for the period from 1st January to 30th June 1993, amounted to USD 325,494,335.47. Le USD 991.81 per share of USD 200 par value, an increase of 18.6% since December 31, 1992 dividend excluded, and of 18.5% after incorporating the USD 8.50 dividend paid on July 1, 1993.

The consolidated net asset value amounted to USD 820.47 per share as of September 30, 1993.

The half-yearly report for the period from 1st January to 30th June 1993, which includes a brief review of the investment strategy for the first 6 months, is available at the Company's P.O. Box 408, L-2014 Luxembourg, as well as at the "Société des Bourses de Luxembourg" and at the "Société des Bourses Françaises".

As of October 25, 1993, the address of the Company is changing to: 7, Place du Théâtre, L-2613 Luxembourg. Telephone, telex and fax numbers remain unchanged as does the P.O. Box.

### Buffelsfontein Gold Mining Company Limited

(Reg No 05/3393/406)  
("Buffelsfontein")  
Incorporated in the Republic of South Africa

### Results of meetings of Buffelsfontein shareholders

UAF Merchant Bank Limited is authorised to announce that further to the announcement of 4 August 1993, in which the directors of Buffelsfontein and Beatrix Mines Limited ("Beatrix") proposed that the rights attaching to the cumulative preference shares to Buffelsfontein ("the preference shares") be varied, subject to the necessary approvals of Buffelsfontein's preference and ordinary shareholders, full details of which proposals were contained in a circular posted to shareholders on 15 September 1993:

- the ordinary resolution sanctioning the variation of the rights attached to the preference shares was passed at the separate general meeting of the holder of the preference shares held on 7 October 1993; and
- the ordinary resolution approving of the variation of the rights attached to the preference shares was passed at the general meeting of Buffelsfontein ordinary shareholders held on 7 October 1993; and
- the special resolution effecting the required change to the terms of the preference shares, as contained in the articles of association of Buffelsfontein, was passed at a combined general meeting of the holder of the preference shares and the Buffelsfontein ordinary shareholders held on 7 October 1993 ("the combined general meeting").

The special resolution passed at the combined general meeting has been lodged with the Registrar of Companies for registration.

The listing of the 9 000 000 new Beatrix ordinary shares to be issued by Beatrix in Buffelsfontein ordinary shareholders will commence on the Johannesburg Stock Exchange and on the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, with effect from the commencement of business on Monday, 11 October 1993.

Share certificates in respect of new Beatrix ordinary shares will be posted by certified mail in South Africa and by first class mail in the United Kingdom, to Buffelsfontein ordinary shareholders entitled thereto, on Monday, 11 October 1993.

Where applicable, cheques or bankers drafts in respect of monies due on the sale of fractional entitlements to new Beatrix ordinary shares will be posted by certified mail in South Africa and by first class mail in the United Kingdom, to Buffelsfontein ordinary shareholders entitled thereto, on Monday, 11 October 1993.

J. F. Smith  
8 October 1993

### Notice of Payment of Principal Installment and Interest

**Siderca S.A.L.C.**  
(INCORPORATED IN ARGENTINA)

### 10% NEGOTIABLE OBLIGATIONS - CLASS 1991

Notice is hereby given of the payment on November 8, 1993 of the third installment of principal and the fourth payment of interest on the 10% Negotiable Obligations - Class 1991.

The payment of the principal installment will be equal to 11.1% of the face value of the Negotiable Obligations.

For the 185 day (260 day basis) interest period from May 7, 1993 to November 8, 1993 interest will be payable in US Dollars per \$1,000 denomination, \$39.97; per \$10,000 denomination, \$399.70; and per \$100,000 denomination, \$3,997.03.

The corresponding payment of principal and interest shall be effected upon presentation of Coupon No. 4, as of November 8, 1993, to the respective Paying Agents as follows:

The Bank of New York  
46 Broadway Street  
London W1C 6AA, England  
Between 9:30 a.m. and 4:30 p.m.  
Buenos Aires, Argentina  
Between 9:30 a.m. and 4:30 p.m.  
Buenos Aires, Argentina  
Between 9:30 a.m. and 4:30 p.m.  
(Payment in Buenos Aires requires five business days prior coupon presentation.)

October 8, 1993  
The Bank of New York  
as Fiscal Agent

## FT CONFERENCES

### INTERNATIONAL PACKAGING & THE ENVIRONMENT

London, 18 and 19 October  
Legislation and the opportunities and problems facing the packaging industry and its customers will be reviewed together with co-operation in the packaging chain, recycling versus incineration. Speakers include: Hans Alders, Dutch Minister for the Environment; Clemens Strohmann from the German Federal Ministry for the Environment; Yannis Paleokrousos of the EEC; David Valtch for Procter & Gamble Europe and Mr Dermot Smurfit from Jefferson Smurfit Group.

### AFTER THE RECESSION - WORLD COMMERCIAL AVIATION AT THE CROSSROADS

Dubai, 8, 9 & 10 November  
Timed to coincide with the Dubai International Aerospace Exhibition, the conference will examine in depth the political, economic and structural changes which the commercial aviation industry is now facing and which will influence corporate policy and planning in the years ahead. Speakers include: H.H. Sheikh Ahmed Bin Saeed Al Maktoum, President of the Dubai Department of Civil Aviation; Tan Sri Zain Azrai, Chairman of Malaysia Airlines; Mr Peter Bawn, President of KLM Royal Dutch Airlines; Mr Colin Barrington, Assistant Chief Executive, GFA Group plc; and Dr Wilhelm Fromme, Director, Air Navigation Bureau, International Civil Aviation Organisation.

### WORLD ELECTRICITY

London, 16 & 17 November  
This seventh Financial Times/Power In Europe conference will examine how the electricity industry is responding to a more competitive environment. Speakers include: Mr Nicholas Argyris, Commission of the European Communities; Dipl.-Ing Ludwig Strauss, Bayernwerk AG; Mr Tan Aikong, Ministry of Electric Power, People's Republic of China; Mr Alfredo Elias Ayala, Under Secretary for Energy, Mexico; Mr Gianfranco Castelli, ENEL SpA and Mr Jaap R van Dender, Eskom, South Africa.

### THE PETROCHEMICAL INDUSTRY - GLOBAL PROSPECTS BEYOND THE RECESSION

London, 22 & 23 November  
Speakers will review the current challenges facing petrochemical producers and consider the longer term outlook for the industry, with presentations by: Mr Robert D Kennedy, Union Carbide Corporation; Dr Marcello Colli, Enichem SpA; Mr Mikoto Takada, Maruch, Inc; Mr Edward A Wilson, Dow Europe SA and Mr Paul du P Kruger, Sasol Limited.

### DOING BUSINESS WITH SPAIN - THE ECONOMIC CHALLENGE OF THE NEW GOVERNMENT

Madrid, 1 & 2 December  
The FT's annual conference, arranged with Expansión and Actualidad Económica, will review the economic, budget and labour policies of the new Spanish Government as well as important questions on Europe's future and the conditions for monetary and political union. The distinguished panel of speakers includes: D. Pedro Solbes Mira, the Spanish Minister of Economy & Finance; Prof Dr Otmar Ising, Member of the Board, Deutsche Bundesbank; O. José Antonio Grinan Martínez, the Spanish Minister of Labour & Social Security; and D. Luis Angel Rojo, Governor of the Bank of Spain.

### WORLD TELECOMMUNICATIONS

London, 7 & 8 December  
The conference debate will focus on the trends changing the shape of the world telecommunications industry, with particular emphasis on regulation and the methods, challenges and obstacles of privatisation. Speakers include: Mr Don Cruickshank, Director General of OFTEL; Mr James H. Quetta, Chairman of the Federal Communications Commission; Mr Marc Dandele, Director General, French Ministry of Posts and Telecommunications; Mr Pál Horváth, Director General of the Hungarian Telecommunications Company and Mr Sessel Kolk, Chief Executive Officer of Belgacom.

### PENSIONS - A TIME FOR CHANGE

London, 7 & 8 December  
Following the publication of the Goode Committee's Report, the conference will discuss key issues of concern to pension fund administrators and their advisers; review the implications for the industry of the Report and examine investment strategies in a climate of low inflation. Mr William Hague MP, Parliamentary Under Secretary of State at the Department of Social Security will give the opening address.

All enquiries should be addressed to: Financial Times Conference Organisation, 102-103 Clerkenwell Road, London EC1M 6SA. Tel: 071 814 8770 (24 hour answering service) Telex: 27347 FTCONF G Fax: 071 873 3975/3989



# Laidlaw's ADT stake in question

By Bernard Simon  
in Toronto

THE ABRUPT departure of the chief executive of Laidlaw, the North American waste services and school bus operator, has raised a question mark over the Ontario-based company's stake in ADT, the international security services and vehicle auction group.

Laidlaw is the biggest single shareholder in ADT, with a stake of 24 per cent. Analysts predicted yesterday that the ADT investment will be an early candidate for disposal as part of the shake-up which is expected to follow the installation of a new CEO.

Mr Donald Jackson, 49, who has been chief executive for almost four years, will submit his resignation at a

board meeting on October 13. His departure follows what the company described as "differences of opinion concerning Laidlaw's strategic direction". A spokesman declined to give further details, beyond saying that Mr Jackson has returned to his native province of Alberta for a few days.

A successor will be named after next week's meeting, indicating that someone has already been chosen. Laidlaw is 47 per cent owned by Canadian Pacific, the Montreal-based transport and resources conglomerate.

News of Mr Jackson's departure was generally welcomed in the investment community. "I don't think anyone is going to be disappointed that he's leaving," one New York analyst said. "He always managed

around the edges without cutting into anything." Laidlaw's share price edged up 13 cents to C\$8.13 in early trading on the Toronto stock exchange yesterday.

Mr Jackson earlier this year described Laidlaw's stake in ADT, which was acquired under his predecessor Mr Michael DeGroot, as a "portfolio investment".

ADT's businesses are completely different to Laidlaw's, which has reinforced speculation that the Canadian company would be willing to part with its ADT shares.

The new CEO is also expected to review Laidlaw's relations with Atwoods, the UK-based solid waste handler in which it has a 35 per cent interest. It is uncertain how, whether the review will

result in the sale of the Atwoods stake or closer links between the two companies. Laidlaw is the third biggest solid waste and recycling operator in the US, while Atwoods ranks fourth.

Laidlaw was one of Canada's fastest-growing companies in the 1980s, but has suffered in recent years from the slump in the North American waste management business and the legacy of its earlier rapid expansion. It suffered a US\$33.6m loss in the three months to May 31, including a \$120m write-down on its solid waste business.

Fourth-quarter earnings are due to be published after next week's board meeting. One analyst predicted that the company will do little better than break even.

## Weather helps sales of top US retailers

By Karen Zagor in New York

COOLER weather in September drove US customers into stores and helped lift same-store sales for many of the bigger US groups.

Sears, Roebuck, the Chicago-based department store group, maintained its position as one of the best performers by posting a 10.3 per cent improvement in comparable store sales in the five weeks to October 2.

Wal-Mart, the nation's top-selling retailer, notched up a 9 per cent rise in same-store sales for the month of September. Same-store sales for its Sam's Clubs, however, fell 4 per cent. In August, when comparable club sales dropped 7 per cent, the company blamed "cannibalisation in many of the Sam's markets," as well as disinflation in key merchandise categories for the erosion.

Kmart, the discount store and specialty retailer, recorded a 7.2 per cent rise in its domestic general merchandise stores, while overall, same-store sales grew a more modest 3.9 per cent.

May Department Stores reported a 7.1 per cent rise in its main department store division on a store-for-store basis.

Woolworth reversed its recent misfortune by posting a 1.4 per cent rise in domestic comparable store sales in September. In August, comparable store sales fell 2.6 per cent after a 3.3 per cent decline in July.

J.C. Penney attributed the 4.6 per cent improvement in its comparable store sales for September to cooler weather in the Northwest and Northeast regions.

In contrast, Federated's chairman and chief executive blamed warm weather early in the month for weak sales of its autumn season women's clothing. Federated's comparable store sales fell 0.7 per cent in the month. The company added that September sales were measured against an unusual autumn season in 1992 when South Florida sales were bolstered by post-hurricane buying.

## 'Poor performers' list gives ammunition to institutions

By Martin Dickson  
in New York

INTERNATIONAL Business Machines, RJR Nabisco and Bethlehem Steel were named yesterday as being among the financially worst performing large US companies in a survey which will provide powerful ammunition to institutional investors involved in America's fast-growing corporate governance movement.

The movement seeks to improve corporate performance, and board responsibility to investors, by pressing for changes in the framework governing the running of companies. One of its main weapons is the shareholder resolution, or "proxy" vote, at a company's annual meeting.

The Council of Institutional Investors, an umbrella organization for US pension funds, whose members have more than \$600bn in assets, yesterday issued a list of 50 companies which it said had been identified by an independent research agency as the poorest performing among America's largest 1,000 companies, according to various investment criteria.

The list has been sent to

council members together with a profile of each of the 50 companies' attitudes towards various corporate governance issues, such as executive compensation and the role of non-executive directors.

The information is meant to be used by funds in deciding their attitude towards individual companies on corporate governance issues.

Ms Anne Hansen, deputy director of the council, stressed yesterday that 50 companies did not form a council-approved "hit list".

Some large US institutional investors already have their own computer-generated financial screens which identify poorly performing companies. The council's list is designed to disseminate such information much more widely, among funds which could not afford to gather this data on their own.

Other companies near the bottom of the list include Borden, the foods group, the New York Times publishing company and Black & Decker, the tools business. The list was released at the council's semi-annual meeting of members.

The list is an example of the increasing sophistication of the

corporate governance movement in targeting poorly performing companies.

Institutions have also been given more power to launch concerted action against problem companies by the Securities and Exchange Commission, which a year ago changed its rules to allow easier communication among investors.

However, in a change of tactics over the past year or two, shareholder activists have been seeking more to negotiate change with companies in private, before attacking them head-on with proxy contests.

A further demonstration of growing investor sophistication came this week with the release by TIAA-CREF, the US teacher's fund which is the world's largest pension system, of a comprehensive set of corporate governance principles.

The fund believes this may be the first all-inclusive document of its kind in the investment industry and it has sent copies to all 1,500 companies in which it holds stocks.

An unusual feature of the document is its belief that a board should be composed of people "who reflect diversity of experience, gender, race and age".

## ITT to build resort complex in Las Vegas

By Martin Dickson

ITT, the conglomerate which owns the Sheraton hotel chain, said that it planned to build a \$1bn, 5,000-room resort complex in the Nevada gambling city of Las Vegas on land being bought from Mr Kerk Kerkorian, the billionaire investor.

The resort, to be built in phases over a decade, would be on a 35-acre site next to the Desert Inn.

Sheraton bought the site for around \$180m from Mr Kerkorian last June. ITT has been making a push into the booming US gambling industry. At the time of the Desert Inn deal, Mr Rand Araskog, the group's chairman, said that the group wanted to build a "world-class showplace" in Las Vegas to rival the city's biggest and most profitable resorts.

Mr Araskog said that the company was undaunted by the fact that several competitors were gearing up to open new theme resorts in the desert city.

The 5,000 rooms envisaged for the ITT resort would match the number at a \$1bn hotel-casino being built in Las Vegas by MGM Grand, which has claimed that this will be the world's largest hotel.

## Liberty Media shares surge

By Martin Dickson

SHARES in Liberty Media, a cable television programming company, rose strongly yesterday amid Wall Street speculation that its former parent, Tele-Communications Inc, was in discussions to buy back the business.

Such a move could have important repercussions on the takeover battle for Paramount Communications, since QVC Network, the television home shopping company making a hostile \$9.5bn bid for Paramount, is 22.5 per cent owned by Liberty.

The re-acquisition would thus thrust TCI, a large and well financed company, much

more directly into the battle for Paramount, and could give additional muscle to the bid by QVC, which is substantially smaller than Paramount.

The QVC bid is contending against a smaller, \$7.5bn agreed bid for Paramount from Viacom, the cable television company best known for its MTV pop music channel.

No comment was immediately available from TCI on the rumours surrounding Liberty, though the speculation could be useful to the two companies in testing Wall Street attitudes to such a deal.

The role of TCI in the Paramount bid is already a matter of some controversy. Viacom

has launched a legal suit seeking to block the QVC bid, alleging it is the latest in a series of efforts to monopolise the cable industry by Mr John Malone, who is president of TCI and also heads Liberty.

TCI says the suit is frivolous but Viacom has also been suggesting the QVC offer could face problems in Washington with anti-trust regulators.

TCI spun off Liberty in 1991, in part to deflect political criticism that TCI was too powerful.

At lunchtime in New York, shares in Liberty stood 1 1/4 higher at \$28 3/4, on top of a rise of almost 6 per cent on Wednesday.

## Corning issues earnings warning

By Martin Dickson

CORNING, the US glass and high technology group, warned that its third-quarter results were falling short of expectations and earnings before special charges could be 10 per cent lower than last year's \$3 cents a share.

The company intended to expand upon its previously announced restructuring charges to cover the cost of reducing assets and overhead expenses. The charge would total some \$130m.

Mr James Houghton, the chairman, also said: "Earnings before unusual items for the full year are currently not expected to reach last year's level of \$1.66 a share."

"The principal shortfall," he added, "has been in the consumer products business and other cyclically sensitive businesses, especially in Europe."

In addition, the group's Med-Path healthcare related business had seen a slowdown in its rate of growth in recent months.

However, the group was enjoying a continuing strong performance in the optical fibre business and improved operating earnings in information display, science products and pharmaceutical services. Earnings from equity interests were also expected to improve over last year.

He added that the group was aggressively responding by getting its cost structure better aligned with current business conditions.

Corning expects to release its results on October 18.

## Abbott Laboratories 15% ahead

By Richard Waters  
in New York

ABBOTT Laboratories, the US drugs and healthcare group, met market expectations in the third quarter with a 15 per cent growth in earnings per share to 38 cents, from 33 cents a year ago.

Sales advanced by 4.7 per cent to just over \$2bn in the

quarter, with sales of drugs and nutritional products showing the strongest growth. International sales, held back by the strong US dollar, grew by less than 1 per cent, to \$789m.

Future sales are likely to be boosted by Food and Drug Administration approval at the end of September for one of Abbott's leading drugs, Hytrin, to be used in the treatment of a

prostate gland condition. Analysts predict this could eventually double sales of the drug, which reached \$250m in 1992.

R&D spending rose to \$225m in the third quarter, or 11 per cent of sales, from \$191m a year before. Net income in the period, at \$316m, was up from \$278m in the 1992 period, while nine-month after-tax earnings rose 13 per cent to \$1.01bn.

## Meeker quits as MGM president

By Karen Zagor

METRO-GOLDWYN-MAYER, the Hollywood film studio owned by the French bank Crédit Lyonnais, announced the resignation of Mr Charles Meeker, president.

Mr Meeker's departure is the latest in a string of executive changes as the French bank tries to resuscitate the studio

before selling it. In July, the bank ousted Mr Alan Ladd Jr, who had run MGM for more than two years, and brought in Mr Frank Mancuso, former chairman of Paramount Pictures, to take his place.

Credit Lyonnais took control of MGM and United Artists, its companion studio, in 1992 after foreclosing on loans it made to Mr Giancarlo Parretti, an Italian entrepreneur who bought the company in 1990 for \$1.3bn. The bank is trying to make MGM more attractive to buyers before 1997, when it must sell the studio.

In August, Mr John Calley, a Warner Brothers executive in the 1970s, was named head of United Artists Pictures, a studio which had been inactive for years.

## REPUBLIC OF POLAND MINISTER OF PRIVATIZATION INVITATION TO BID

### TELZAS Ltd.

Minister of Privatization, acting on behalf of the State Treasury, in accordance with Article 23 of the Law dated July 13, 1990 on the Privatization of State-Owned Enterprises, issues an invitation to bid all qualified parties interested in the purchase of no less than 10% of shares in the above named company.

In accordance with Art. 24 of the Law on the Privatization of State-Owned Enterprises, up to 20% of the shares of Telzas Ltd. will be offered to its employees on a preferential basis.

Telzas Ltd. located in Szczecinek, produces power supply equipment for public telecommunications. It is the only manufacturer of such equipment located in Poland and Central and Eastern Europe. Total sales in 1992 were PLZ 82.5 billion.

The deadline for submission of offers to the Capital Privatization Department of the Ministry of Privatization will be 4 p.m. November 4, 1993.

An Information Memorandum about the Company will be sent after signing a letter of confidentiality.

Interested parties should contact one of the Advisors of the Ministry of Privatization:

Capital Investment Department  
Bank Przemyslowo-Handlowy S.A.  
ul. Długa 1, 31-147 Kraków  
tel. (4812) 21-66-37, 22-08-57, fax (4812) 22-08-57

Contact persons: Mirosław Sikora, Anita Doroba

or

ABN-AMRO Polish Financial Advisory Services  
ul. Praskowska 17 suite 812  
02-119 Warszawa  
tel. (4822) 22-82-34, 22-82-35, fax (4822) 22-22-24

Contact persons: Steven Arkfeld, Aleksander Lubowski

Minister of Privatization reserves the right to prolong the deadline for the submission of offers or to cancel this invitation if it is for benefit of the Ministry or the Company.

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## CREDITANSTALT BANKVEREIN

US\$200,000,000

Subordinated collateral

floating rate notes due 2003

Notice is hereby given that for the interest period 8 October 1993 to 8 April 1994 the notes will carry an interest rate of 5% per annum. Interest payable on 8 April 1994 will amount to US\$126.39 per US\$5,000 note and US\$2,527.78 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

## IRISH PERMANENT BUILDING SOCIETY

\$100,000,000

Floating rate notes 1998

Notice is hereby given that for the interest period from 6 October 1993 to 5 January 1994 the notes will carry an interest rate of 6.2375% per annum. Interest payable on 6 January 1994 will amount to \$157.22 per \$10,000 note and \$1,572.22 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

All of these securities having been sold, this announcement appears as a matter of record only.

October 1993

23,500,000 Shares

Belden Inc.

Common Stock

4,700,000 Shares

This portion of the offering was underwritten by the International Underwriters.

Dillon, Read & Co. Inc.

Merrill Lynch International Limited

Swiss Bank Corporation

ABN AMRO Bank N.V.

Caisse des Depots et Consignations

Cazenove & Co.

Commerz Bank A.G.

Credit Lyonnais Securities

Enskilda Securities

NatWest Securities Limited

18,800,000 Shares

This portion of the offering was underwritten by the U.S. Underwriters.

Dillon, Read & Co. Inc.

Merrill Lynch & Co.

Bear, Stearns & Co. Inc.

CS First Boston

Alex. Brown & Sons

BT Securities Corporation

Donaldson, Lufkin & Jenrette

A.G. Edwards & Sons, Inc.

Goldman, Sachs & Co.

Hambrecht & Quist

Kidder, Peabody & Co.

Lazard Frères & Co.

Lehman Brothers

Montgomery Securities

J.P. Morgan Securities Inc.

Morgan Stanley & Co.

Oppenheimer & Co., Inc.

PaineWebber Incorporated

Prudential Securities Incorporated

Robertson, Stephens & Company

Salomon Brothers Inc.

SBCI Swiss Bank Corporation

Smith Barney Shearson Inc.

Wasserstein Perella Securities, Inc.

Wertheim Schroder & Co.

Dean Witter Reynolds Inc.

The Chicago Dearborn Company



## INTERNATIONAL COMPANIES AND FINANCE

## Fall in markka helps Outokumpu back to the black

By Hugh Carnegie in Stockholm

THIS year's steep fall in the markka helped Outokumpu, the Finnish state-owned mining and metals group, to a FM133m (\$23m) profit before extraordinary items in the first eight months of the year, a sharp turnaround from a loss of FM62m in the same period last year.

But Mr Jyrki Jussela, chief executive, warned that metals markets were in worse shape than had been predicted earlier in the year. "In this market situation, a continued positive development of the result depends on the impact of measures taken to enhance efficiency and on improved competitiveness due to exchange rate movements," he said.

Group sales, at FM10.5bn, were ahead 29 per cent compared with last year's FM8.15bn. Operating profits grew even more strongly, rising to FM700m from FM384m. Profits after extraordinary items were FM391m, against a

loss last time of FM62m, due to a FM258m contribution from a debt restructuring in Spain.

Sales were up in all four main divisions - base metals, copper, stainless steel and technology products. But the growth in base metals sales from FM2.3bn to FM3.07bn was inflated by the inclusion of OM Group of the US, now 96 per cent owned by Outokumpu, but which it intends to sell.

Outokumpu, 87.5 per cent owned by the Finnish government, postponed the planned sale of OM group earlier this year because of poor market conditions. But it said it now intended to complete the sale, by public offering to US investors, by the end of this year. The sale is expected to raise up to \$170m.

Despite low prices, particularly for nickel and zinc, and losses in both base metals and copper divisions, Outokumpu said it had begun work on a FM1.8bn programme to modernise and expand its copper smelter and nickel production line at Harjavalta in Finland.

## Swedish forestry groups plan to merge

By Christopher Brown-Humes in Stockholm

ASSI and Domän, two state-owned Swedish forestry groups, yesterday announced plans to form Sweden's fourth largest pulp and paper company through a merger.

The government said it favoured the move in principle, noting that the combined group would be stronger and easier to privatise, but has taken no final decision.

It would be one of three state-owned groups, alongside the power group Veitenfall and the pharmaceutical company Procordia, which could be sold off next year.

Assi and Domän have combined sales of nearly SKr13bn (\$1.6bn) and employ 11,000 staff, 4,000 of them outside Sweden. The aim is to effect a fusion from the start of next year, 52 years after the companies were split apart and after 30 years of on-off merger talks.

The two companies have no overlapping activities, and together would form a financially strong group with an equity-assets ratio of some 80 per cent.

Domän is Sweden's biggest forestry owner, with 3.4m hectares of land, and its highest sawmill owner, with a capacity of 800,000 cu metres a year.

Assi, which acquires 35 per cent of its wood from Domän, is predominantly a packaging group, producing 1m tons of packaging paper and board a year, and 640,000 tons of corrugated board and boxes.

It has operations in eight European countries, excluding Sweden.

Assi and Domän said they might eventually be interested in bidding for NCB, another forestry group which is majority-owned by the state, but they stressed there were no ongoing talks.

Forvaltnings AB Ratos, the investment group, has sold its shareholding in AB Industrivärden for a total of SKr640m. The stake, about 10 per cent of Industrivärden's capital, was bought by a number of Swedish and foreign investors.

## Caribbean groups look north for investors

Jamaica and Trinidad and Tobago can now trade in ADRs, reports Canute James

THE progressive deregulation of the economies and the financial markets in Trinidad and Tobago and Jamaica has triggered a second wave of corporate forays into foreign territory.

The state-run Trinidad and Tobago Unit Trust has been granted permission by the US Securities and Exchange Commission to seek investments through US dollar-denominated portfolios. And the SEC has given the go-ahead for Jamaica's privately owned Ciboney hotels group to trade its shares through American depositary receipts on the US over-the-counter market.

Local bankers and stockbrokers say these forays into the US market would not have been possible had not barriers to the movement of money been dismantled and currencies floated, giving business the room and confidence to successfully operate.

The SEC's green light for the Trinidad and Tobago Unit Trust will allow international investors to buy into the government-sponsored Chaconia income and growth fund. The 60,000 existing unit holders will benefit from a wider investment brief. The minimum initial investment is US\$1,000 with subsequent investments a minimum of \$250.

"This will allow local and US investors to place in their investment portfolio a US dollar-denominated security sponsored by a Trinidad and Tobago entity, but operating under the strict surveillance and supervision of the US regulatory system," according to Mr Henry Sealey, executive director of the United Trust.

The fund will have to conform to the operational, disclosure, reporting and prudential requirements of US regulations which govern mutual funds in the US. "These requirements should make the prospective investors feel comfortable and secure," Mr Sealey said.

The fund will invest in US government securities, investment grade corporate bonds, investment grade foreign government bonds, equity securities in US, UK and Trinidadian companies, certificates of deposit and money market funds.

"It is perhaps the giant step towards creating in Trinidad and Tobago a dynamic and flexible financial institutional network necessary for the establishment of the country as the financial centre of the Caribbean," Mr Sealey said.

Mr Ivor Alexander, executive director of Ciboney, said the depositary receipt registration could be upgraded to a full listing on a US stock exchange. And he said that was a move

that the company would eventually consider. "Although trading will take place on the over-the-counter market, Ciboney can apply, in due course, for listing on a US stock exchange, and the depositary receipt registration is a natural step in this direction," he said.

Mr Alexander said Ciboney, which is listed on the Jamaica stock exchange, had 13,000 shareholders, and the "broad-based public ownership" was conducive to "vibrant" trading of depositary receipts.

According to Citibank, trading in depositary receipts in the US in 1991 was valued at US\$91.1bn, representing 4 per cent of the value of trading on the New York Stock Exchange, Amex and Nasdaq.

Ciboney owns 90 per cent of the Ciboney Radisson Hotel and 34 per cent of Sandals Ocho Rios Hotel, two of Jamaica's larger holiday resorts. The group turned in after-tax profits of J\$77m (US\$3.46m) for the nine months ended February 1993, against a profit of J\$12m a year earlier.

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## Battle for Australian dairy group heats up

By Nikkai Tait in Sydney

THE BATTLE for control of Associated Dairies, the Victoria-based dairy products company, intensified yesterday, with Queensland's QUF Industries saying it was prepared to improve its offer to A\$2.97 a share. It had previously offered A\$2.95, valuing its target at A\$72m (US\$46.4m).

QUF said its move followed advice that Australian Co-Operative Foods, a rival suitor, was increasing its bid to A\$2.96 from A\$2.85. QUF also said it

had held further talks with the Trade Practices Commission, and expects a favourable recommendation next week.

The takeover battle follows a spate of consolidations in Australia's dairy industry. Estimates suggest QUF will control about 24.5 per cent of the dairy market nationally if it gains control of Associated Dairies, against 27 per cent for National Foods which recently won control of United Dairies. Australian Co-operative has a 22 per cent market share.

Applications for shares in

Austoft Holdings, the sugar cane manufacturer being floated on the Australian stock market by its UK-based parent, BM Group, have closed early, the issue being oversubscribed.

BM Group, the engineering company engaged in a programme of disposals and debt reduction measures, announced plans to float off Austoft at the start of September. Lists for the 39.7m Austoft shares on offer opened three weeks ago, and were due to close on October 15. Austoft shares are being sold at A\$1

each, raising almost A\$40m.

George Weston Foods, the bakeries and biscuits company which is part of the Associated British Foods group, yesterday reported an after-tax profit of A\$52.4m for the year ended July, compared with a A\$49.7m surplus last time. Sales rose from A\$969.5m to A\$1,026bn.

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## Hopewell to lift dividend after 25% advance in net

By Simon Davies in Hong Kong

HOPEWELL Holdings, the Hong Kong property and infrastructure group controlled by Mr Gordon Wu, yesterday announced a 25 per cent increase in net profit to HK\$2.03bn (US\$172.5m) for the year ended June, up from HK\$1.62bn previously.

The growth in profits came primarily from the sale of investment properties, which contributed HK\$2.1bn to operating profit compared with HK\$516m last time.

Hopewell plans to increase its dividend to 34 cents a share from 30 cents.

The group has been selling properties to fund its push into China and south-east Asia. Phase one of its Guangzhou-Shenzhen superhighway is due to open at the end of the year. The company plans to develop



Gordon Wu: growth due to investment property sales

properties on sites adjacent to the road, and construct a second stretch from Guangzhou to the Macao border.

Hopewell plans to float off its power interests as a separately listed company.

## Better tanker market sparks Bergen recovery

By Christopher Brown-Humes

BETTER tanker market conditions, a stronger US dollar and gains on share sales helped Bergen, the Norwegian shipping group, bounce back to profit for the first eight months of 1993.

The group offset heavy foreign exchange losses and a weak performance from its liquefied petroleum gas (LPG) activities to record a pre-tax profit NKr171m (\$24.1m). That compares with a NKr32m defi-

cit for the same period in 1992.

Operating revenues rose to NKr1.97bn from NKr1.64bn, with the dollar up 13 per cent against the krone since last year and average daily tanker rates up 20 per cent at \$18,000.

Operating profits climbed to NKr196m from NKr61m. The tanker division halved its operating loss but LPG profits were lower. The group does not expect significantly improved rates in any of its market segments in the last four months of the year.

## Investment gains enable Orkla to move into profit

By Christopher Brown-Humes

ORKLA, the Norwegian industrial and investment group, rebounded to a NKr907m (\$13m) pre-tax profit for the first eight months of 1993 from a NKr161m loss in the same 1992 period.

The group said the result was helped by a better operating performance but the main difference was in the development of financial activities.

Last year it sustained losses of NKr642m on share deals but

this year had realised gains of NKr230m. Investment activities contributed NKr202m to the pre-tax result, compared with a NKr722m loss last year.

Operating revenues rose to NKr11.28bn from NKr10.99bn, while operating profits increased by 12 per cent to NKr652m from NKr759m.

Branded consumer goods lifted operating profits by 5 per cent to NKr659m, despite strong competition and little growth in the Norwegian groceries market.

## DKB debt downgraded by S&P

By Emilio Terazono in Tokyo

STANDARD & POOR'S, the US credit rating agency, has downgraded the debt ratings of Dai-ichi Kangyo Bank, a leading Japanese commercial bank.

The move is the most recent in a line of credit downgrades for the big Japanese banks. They face increasing bad loans due to the prolonged recession pushing up the number of bankruptcies.

DKB's senior debt rating has been lowered to "single A plus" from "double A minus" and the rating agency has lowered DKB's short-term debt rating to A-1 from A-1 plus.

S&P said increasing problem assets at the bank were hurting its asset quality.

At the end of March, loans to bankrupt borrowers and loans six months past their due date totalled ¥1,300bn (\$12.3bn), or 3.81 per cent of outstanding loans.

While Japanese financial authorities claim that bad loans at commercial banks average around 3 per cent of total lending, industry analysts reckon the figure rises to 10 per cent when measured in US terms.

NEW ISSUE

This announcement appears as a matter of record only.

7th October, 1993



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the company would eventually consider. Although trading will take place on the over-the-counter market, Ciboney can apply, in a sense, for listing on a US stock exchange, and the company's receipt of registration is a first step in this direction.

Mr Alexander said Ciboney, which is listed on the Jamaican stock exchange, had 13,000 shareholders, and the "broad-based public ownership was indicative of vibrant trading in the company's shares." According to Citibank, trading in depositary receipts in the US in 1991 was valued at \$981.1bn, representing 4 per cent of the value of trading on the New York Stock Exchange, Mexico and Canada.

# DKB debt downgraded by S&P

by Emiko Terazono in Tokyo

STANDARD & POOR'S US credit rating agency, has downgraded the debt ratings of the Japanese commercial bank DKB. The move is the latest in a line of credit downgrades to the bank, which has been hit by a series of losses in its foreign currency trading.

DKB's credit rating has been downgraded from A- to A-1, and its foreign currency trading rating from A- to A-2. The agency said the downgrades reflected the bank's "deteriorating financial condition."

At the time of the downgrades, DKB's capital adequacy ratio was 10.5 per cent, below the 12 per cent required by Japanese regulators.

The bank's losses in foreign currency trading were attributed to a combination of factors, including a decline in the value of the yen and a loss of market share to its competitors.

DKB's parent company, Daiwa Bank, also saw its credit rating downgraded by S&P, from A- to A-1.

The downgrades are the latest in a series of challenges faced by DKB, which has struggled to maintain its position as a leading Japanese commercial bank.

Despite the challenges, DKB remains a significant player in the Japanese financial market, with a long history of service to its customers.

The bank's management has expressed confidence in its ability to overcome the challenges and maintain its commitment to its customers.

DKB's financial performance over the past year has been mixed, with some successes in certain areas and setbacks in others.

The bank's focus is on strengthening its core business and improving its risk management practices.

DKB's management is committed to transparency and accountability in its financial reporting.

The bank's future prospects are uncertain, but it remains a key player in the Japanese financial landscape.

DKB's management is working closely with its regulators to address the issues identified by S&P.

The bank's shareholders are being kept informed of the latest developments.

DKB's management is committed to long-term growth and stability.

The bank's focus is on providing high-quality financial services to its customers.

DKB's management is committed to innovation and excellence in its business.

The bank's future is bright, and it remains committed to its mission.

DKB's management is committed to the highest standards of integrity and ethics.

The bank's success is a testament to the hard work and dedication of its employees.

# Barclays Bank in first UK personal loan securitisation

By Antonia Sharpe

BARCLAYS BANK opened up a new sector in the UK's growing asset-backed market yesterday when it raised £280m through an issue of floating-rate notes (FRNs) backed by personal loans.

The widely-expected offering marks the first securitisation of personal loans by a UK bank and follows on the heels of National Westminster's £300m issue of mortgage-backed notes launched last week.

"Most are looking to securitise high-volume, low-value loans," said one syndicate manager.

Barclays's notes, which have an average life of 1 1/2 years, were issued through Gracechurch Personal Loan Finance.

The portfolio backing the two-tranche offering consisted of unsecured loans of not more than £7,000 to Barclays' credit card customers, around 95 per cent of whom are at least three years' standing and have not been in default for more than 30 days.

The non-30 day share of the offering was made up by a £250m tranche of class A notes which paid 22 basis points over the London interbank offered rate (Libor). The pricing was seen

to be on the tight side and the whole issue had not been placed by the end of trading yesterday.

Lead manager BZW said that the notes were targeted at corporate investors rather than banks because of their 100 per cent capital adequacy risk weighting. By contrast, NatWest's mortgage-backed notes, which yielded 20 basis points over Libor at launch, were only 50 per cent weighted.

The remainder of Barclays' deal was made up by class B or subordinated notes, launched by UBS, which were priced to yield 85 basis points over Libor. The higher yield reflected the higher risk associated with these notes.

Bank of Scotland also tapped the Eurosterling sector with a £200m unsecured issue of subordinated notes. They were priced to yield 130 basis points over the 5 per cent UK government bond due 2013, in line with secondary market levels for similar paper.

Joint lead manager Hoare Govett said the bulk of the issue had been placed with pension funds and insurance companies. The bonds were re-offered at the 98.204 issue price and were trading inside fees at

98.95 in the late afternoon. Fisons, the UK pharmaceuticals company, is thought to be looking to raise £100m through

an issue of 10-year Eurobonds at a spread of around 100 basis points over UK government bonds. Turkey is also likely to

raise 10-year paper in the Eurosterling sector next week at a spread of 200 basis points.

Lex, Page 20

One certificate, to be held by the Deutsche Kassenverein (DKV), the Frankfurt-based clearing and settlement agency for German securities, will be issued in bearer form. This certificate will represent the bonds held by investors through institutions that participate in DKV.

The other certificate, issued in registered form, will be held by the Frankfurt branch of Citibank as custodian for the Depository Trust Company (DTC), the central depository for securities in the US. This certificate will represent the bonds held by investors through institutions that participate in DTC.

When the bonds start trading in the secondary market, any sales will be reflected by respective increases and decreases in the two certificates. Therefore, the bonds represented by the two certificates will equal the total amount of the bonds outstanding at any time.

Mr Lay said that this structure would enable the bonds to trade freely across the world, thus fulfilling one of the main aims of the global bond concept. In addition, transaction costs would be significantly reduced.

The World Bank will raise DM3bn later this month through its first D-Mark global bond offering, which will be jointly lead-managed by Deutsche Bank and Salomon Brothers.

The bonds will have a maturity of five or 10 years and the spread over the yield on underlying German government bonds will be in single digits.

The World Bank intends to make two D-Mark global offerings a year and the next issue is likely to come early next year. "This will allow us to freshen up the coupon and allow investors to trade into the new bonds," Mr Lay said.

The World Bank pioneered this form of capital-raising in 1989. Since then it has issued 13 global bond offerings in dollars and yen with maturities ranging from five to 30 years.

Mr Lay said that a large part of the bank's annual borrowing programme of \$10bn to \$12bn would be funded through global bond offerings in these three currencies.

Several sovereign and provincial borrowers have also started issuing global bond offerings, culminating with the Republic of Italy's record \$5.5bn offering in mid-September.

Mr Lay, who was in London yesterday to market the DM global bond offering to investors, said that the World Bank's global bonds had achieved the high level of liquidity he had hoped for.

The World Bank's dollar global bonds were among the 10 most actively traded bonds in Euroclear some 20 months after their launch and its yen global bonds currently accounted for 70 per cent of the turnover in the yen sector of the international bond market.

The Bank's next aim is to encourage Japanese investors to use its yen global bonds as a tool for increasing their total returns.

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# NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Yield %	Spread bps	Book runner
BOYERSCHE Landesbank	500 75	4.75 4.125	98.42R 99.55R	Nov.1998 Oct.1998	0.25R 0.25R	+15 (94%-98) US +34.5 (94%-98) JP Morgan Securities	
D-MARKS Province of Quebec	500	5.375	98.35R	Nov.2003	0.325R	+48 (94%-98) Westdeutsche Landesbank	
STRILING Gracchus PUL (No.1) 1/2	250 (a)		98.875R	Dec.1998	0.10R		Barclays de Zeele Weid
Gracchus PUL (No.1) 1/2	30 (a)		100	Dec.1998	0.25		UBS
Bank of Scotland (a)	200	8.825	98.204R	undated	0.25R	+130 (91%-13)	HNS Govers/ Salomon
YEN Sunlight Corp/O'neal Cap/L	150n	2.90	100.15R	Feb.1998	0.15R		Mitsubishi Finance Int.
FRANCH FRANCES Credit Local de France	1bn	5.75	99.941R	Aug.1998	0.25R	+18 (94%-98)	CHINA
CANADIAN DOLLARS Kay International Finance	200	6.00	98.58R	Nov.1997	0.225R	+33 (94%-98)	Swiss Bank Corp.
Kay International Finance	150	6.00	98.575R	Dec.1997	0.225R	+37 (94%-98)	Wood Gundy
ITALIAN LIRE Scuola Hypobank	1500n	8.05	101.755	Nov.1998	1.875		BCI/ Euroimobiliar
AUSTRALIAN DOLLARS South Australian Govt/Fin	100	6.50	101.50	Nov.1998	2.00		Hambros Bank
DANISH KRONER City of Copenhagen	350	6.75	102	Nov.2000	1.875		Unibank
SWISS FRANCES Telego Gas Co.	200 100	4.50 4.75	102.375 101.75	Nov.2002 Nov.2000	- -		UBS Coutts & Co.
<p>Terms and non-callable unless stated. The yield spread over relevant government bonds at launch is supplied by the lead manager. Floating rate notes: 3M annual coupon. R: fixed re-offer price; (a) are shown at the re-offer price. (b) 2 tranches asset backed deal. Callable on any interest payment date if the outstanding principal falls below 10% of issued amount. (c) Class A notes. Coupon pays 3-month Libor +0.25% until Dec.1998 and +0.5% thereafter. Average life: 1.28 years. (d) Class B notes. Coupon pays 3-month Libor +0.85%. Average life: &lt;2 years. (e) Callable on 4/1/13 at par and every 5 years thereafter. (f) Not called on any interest payment date coupon will be reset at the higher of the setting coupon or the then prevailing 5-year benchmark gilt +250bp. (g) Short term coupon. (h) Floating with the outstanding FR600m. Plus 61 days covered interest. (i) Puttable at option of Coutts if major shareholder's stake falls below 51%.</p>							

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# US/German legal gap bridged by World Bank offer

By Antonia Sharpe

THE WORLD BANK's forthcoming D-Mark global offering represents a triumph over the seemingly irreconcilable legal and fiscal differences between Germany and the US.

The main difference between the two is that in Germany, securities are issued in bearer form, whereas in the US they are issued in registered form.

Mr Kenneth Lay, director of financial operations at the World Bank, said that it was important to find a way to bridge these two legal traditions so that the bonds could trade freely in US but also be eligible to act as collateral for loans by the Bundesbank, Germany's central bank.

The World Bank found a startlingly simple solution to one which took more than a year to gain approval by the US and German authorities.

This is how the structure works. The bonds will be represented by two permanent global certificates which will not be exchangeable for individual bond certificates.

One certificate, to be held by the Deutsche Kassenverein (DKV), the Frankfurt-based clearing and settlement agency for German securities, will be issued in bearer form. This certificate will represent the bonds held by investors through institutions that participate in DKV.

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## COMPANY NEWS: UK

Advance to £49.7m helped by full-year contribution from Macarthy  
**Lloyds Chemists ahead 40%**

By Peggy Hollinger

ACQUISITIONS helped boost annual profits and sales at Lloyds Chemists, the acquisitive retailer and healthcare wholesaler which yesterday reported a 40 per cent increase in the pre-tax result to £49.7m. The shares closed 15p up at 284p.

Sales were 68 per cent higher at £802m for the year to June 30. This was mainly because of the inclusion for the first full year of Macarthy, the drugs wholesaler acquired in March 1992 for £32.5m, and other pharmaceutical and veterinary drugs supply companies.

Mr Allen Lloyd, chairman, said the year had been "very successful", with progress in all divisions. He stressed the organic growth achieved by Lloyds, particularly in the wholesale distribution division. The profits increase had been achieved, he said, after a 36.3m government clawback on the discounts given on generic drugs, and amid the "most difficult trading conditions in the company's history".

While optimistic about growth in the current year, Mr Lloyd stressed that the group would move ahead at a slower rate. Like-for-like sales in the first 13 weeks were 6 per cent up in the chemists division, 3 per cent ahead in drugstores, and flat in the healthcare chain Holland and Barrett.

Barclay Pharmaceuticals increased turnover by 49 per cent to £503m and overall, the



Allen Lloyd (left) with Peter Lloyd, chief executive and Dick Steele, finance director

pharmaceutical division increased sales by 63 per cent to £583m. Pre-tax profits were £24.4m higher at £11.4m.

The retail division, which includes the core chemists chain, the Holland & Barrett shops and Superdrug drug stores, showed a 14.5 per cent profit rise to £44.9m. Sales were up 33.5 per cent at £569m.

Veterinary sales rose by £41.7m to £49.2m and profits from £364,000 to £2.1m.

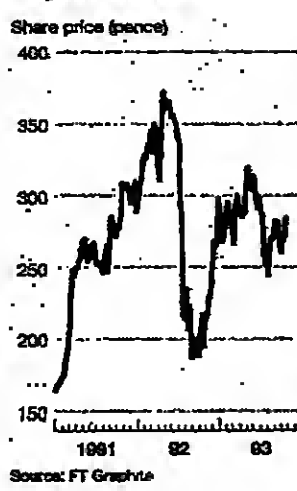
The interim dividend was increased from 4p to 5.25p for a total of 7.25p (5.55p). Fully diluted earnings per share rose by 13 per cent to 26.84p.

## COMMENT

Focus on the short term and Lloyds looks like a winner. There is more margin improve-

ment to come from acquisitions and the wholesale division is growing impressively. Further out, however, one has to question the potential for Lloyds' core chemists business, with little prospect of price improvements, and a significant number of mature stores. Government restrictions will curtail outlet expansion and the group seems to have snapped up most of the attractive chains. Lloyds will also have to watch out for the inevitable counter-attack in wholesaling from giants A&A and Unichem. Forecasts are for pre-tax profits of £56m, leaving a prospective p/e of 9.5 times. While there is likely to be room for improvement in the short term, the attraction may fade in the longer term.

## Lloyds Chemists



Source: FT Graphix

**Ferranti warns of higher losses**

By Paul Taylor

FIRST-HALF losses at Ferranti International, the struggling electronics group, are likely to be higher than in the corresponding period last year, Mr Eugene Anderson, chairman, warned yesterday.

Mr Anderson told shareholders attending an extraordinary meeting, called under Companies Act requirements because its net assets had fallen to less than half its £96.8m share capital, that it was too soon to report on the performance for the half year to September 30.

However, he added, "we will incur another loss during the period which will almost certainly be larger than the comparable loss last year". In the 1992 period Ferranti, which came close to collapse following the 1989 discovery of huge fraud in International Signal and Control, its US subsidiary, managed to reduce its interim pre-tax losses to £10.9m.

Mr Anderson, who was brought in to try and turn Ferranti around following the ISC fraud, told shareholders that despite the technical requirement to call the meeting, the board recommended that no action should be taken to implement a reduction in capital at this time.

Instead, he said the company would continue to focus on its priorities of strengthening the balance sheet by equity injection or through strategic partnership while seeking to win new orders.

"Liquidity continues to be painfully tight, making supplier relationships more difficult", Mr Anderson said. He added that "to alleviate this problem we have continued to seek an equity injection or a strategic partnership".

Although the chairman said the group had continued to be successful in winning new orders and ended August with an order book of £178m and outstanding bids for £740m of new business, he said the group was still waiting for confirmation of several large orders.

The shareholders, who met in London, overwhelmingly supported the proposal, although some were critical of the management's performance.

**Rowland pressure forces delay to Lonrho plans**

By Robert Peston and Roland Rudd

THE APPOINTMENT of Lonrho's first non-executive directors for 20 years was yesterday postponed for 12 days, as a result of pressure from Mr Tiny Rowland, the international trading company's joint chief executive.

Mr Dieter Bock, the other joint chief executive who at the beginning of the year acquired an 18.6 per cent stake in the company, had been hoping that yesterday's board meeting would approve the appointment as non-executive directors of Mr Steven Walls, chairman of Albert Fisher, the food group, and Mr Peter Harper, a director of Hanson. Mr Bock had recruited them

as part of his campaign to transform Lonrho into a more open and conventional company, in the hope that this would rebuild the confidence of institutional investors in its shares.

However, the meeting refused to ratify the appointments. One of Mr Bock's advisers said that all the executive directors should meet Mr Walls and Mr Harper before the decision is taken.

"He [Mr Bock] was shocked", the adviser said. "But the outcome should not be seen as victory for Tiny. It was a draw".

Mr Rowland has been opposed to non-executive appointments since the "straight eight" directors tried unsuccessfully to remove him

in 1973. Lonrho's current board consists of 12 executives.

Lonrho put out a terse one sentence statement after the meeting, saying that "the board resolved to announce the appointment of two non-executive independent directors by October 19".

Though the statement does not name either Mr Walls or Mr Harper, Mr Bock remains confident they will be appointed. He is planning to push through other radical changes in the coming months, including a reduction in the number of executives on the board, the appointment of one or two further non-executives and a cut in head office staff. Mr Rowland is expected to resist some of these changes.

**Burn Stewart drops to £8.12m**

By Catherine Milton

SHARES IN Burn Stewart Distillers fell a further 3p to close at 108p yesterday, continuing a steady decline since peaking at 160p in May last year, as the company announced pre-tax profits down from £10.3m to £8.12m in the 12 months to June 30.

The company, which floated shares at 140p in 1991, showed sales down to £38m (£42m).

Mr Campbell Shirrat, finance director, said Burn Stewart was changing its mix of business away from the quasi-commodity bulk sales and attempt-

ing to replace these with higher margin sales of cased bottles, some branded and some "own label".

Mr Shirrat added that "there was a bit of a decline in our export bulk shipments with the balance being pressure on the cased business". He said trading would continue to be tough next year.

Bulk exports had fallen 23 per cent with average prices falling 34 per cent. Cased sales rose 21 per cent and average prices fell 7 per cent.

Operating profits fell to £9.66m (£12.5m).

Interest charges fell from £2.13m to £1.54m reflecting the

funds raised from the flotation which hit the balance sheet part way through the comparative period.

Gearing now stood at 72 per cent (36 per cent) a slight increase since the year end when it was 70 per cent.

There was a cash outflow from operating activities of £4.8m, compared with an inflow of £3.71m last time, as Burn Stewart increased stocks to £50.5m (£41.8m).

On an annualised basis the total dividend is virtually maintained with a final of 3.3p (3.33p) to give a total for the year of 5p. Earnings per share fell to 9.53p (13.16p).

**Lamont doubles to £4.05m**

By Peter Pearce

SHARES IN Lamont Holdings climbed 15p to 364p as the Northern Ireland-based carpets and textiles group announced almost doubled pre-tax profits in the six months to June 30.

On turnover ahead to £85.8m (£82.6m), including £3.18m (£4.25m) from discontinued operations - pre-tax profits jumped to £4.05m (£2.18m). The figure would have been higher but for exceptional charges of £843,000 relating to the disposal of the computer division and an increase in net interest payable to £449,000 (£40,000).

Sir Desmond Lorimer, chairman, said the increased interest charge derived from the assumption of the £7m debt of Rochdale-based Alexander Drew, the furnishing fabric printer acquired for an initial £16.4m in April 1992.

The non-carpet textiles side had operating profits of £5.43m (£1.5m) on turnover of £38.1m

(£25.5m). Sir Desmond said that some £2.5m of the profits came from Drew.

In the carpets division, which Shaw Carpets has been responsible for the group's declining fortunes of late, turnover rose to £23.4m (£21.8m) and operating profits of £81,000 last time turned to losses of £860,000 after £433,000 (£109,000) redundancy costs at Shaw.

Shaw, which Sir Desmond said served the middle market, had lost market share in a disruptive £4m capital expenditure programme. He expected it to return to profitability in 1994. However, at the lower end of the market, Northern Ireland Carpets had lifted sales 16 per cent.

Shifting the property interests into a joint venture - which retained £3m - had improved cashflow by some £5.5m and helped Lamont back to its textiles core, where Sir Desmond said it would look for bolt-on acquisitions.

The interim dividend is held at 3.5p, payable from earnings of 8.48p (5.61p) per share.

**Allied Leisure improves**

ALLIED LEISURE, the ten pin bowling and night club group, yesterday announced pre-tax profits up from a restated £2.21m to £2.94m for the year ended July 16 1993.

However, the dividend is cut from 4.75p to 3p, with a reduced final of 2p against 3.25p.

At the interim stage a profit fall of 25 per cent to £1.24m was reported.

Of the figures, which were adjusted in accordance with FRS 3, turnover was down from £27.8m to £24.5m, while excluding a figure for wholesaling of £4.1m last year and £700,000 this year, underlying turnover increased by 1.9 per cent.

Earnings per share rose to 5.22p (5.03p).

Mr William Davis, chairman, said that he was confident although trading remained difficult throughout the company.

Bowling activities continued to expand but operating profits were down reflecting pressure on discretionary spending.

Mr Davis said night clubs performed well and profits rose in a difficult market. Some of the rights issue proceeds have been used to reduce short-term debt with the effect that net borrowing has been halved to 25 per cent.

**Galliford cuts dividend to 1p**

By Catherine Milton

GALLIFORD, the Midlands-based contractor, has cut its total dividend from 4.3p to 1p as part of a plan to expand its housing business which could see its long-cherished net cash position become debt over the next three years.

The company announced this at the same time as revealing pre-tax profits sharply down from £3.03m to £12,000 for the year to June 30 1993.

Mr John Livingston, finance director, said: "In the short term it will be difficult to make adequate net margins on construction so we intend to

increase profits by expanding private housing building activities. We believe the housing market will see steady, undramatic, improvement which we want to exploit".

The company would spend up to £4m on land this year and about £2m on development.

Galliford sold 170 (156) housing units in the year to June 30 at an average price of £53,000 (£50,000) and expects to exceed 200 in its current year with a target of 500 in three years time.

Mr Livingston said the company would countenance "modest gearing" as well as drawing

cash from future retained profits from other businesses to achieve its target.

Sales were £217.2m (£213.2m). Profits were hit by losses of £512,000 (profits of £383,000) in specialist contracting stemming from National Power's Drax project. These are now subject to claim.

Pre-tax profits in contracting have declined over the last three years, falling to £408,000 (£1.62m) on sales of £127.4m (£128.9m).

A recommended final dividend of 0.5p (3.35p) gives a total of 1p (4.3p), uncovered by earnings of 0.33p (2.37p) per share.

**J Bibby plans £75m float-off**

By Peggy Hollinger

J BIBBY & Sons, the heavily-indebted conglomerate which is 70 per cent owned by Barlow Rand of South Africa, plans to raise about £75m next year by floating off its paper, agricultural and science businesses.

The move is designed to reduce Bibby's debt, incurred largely as a result of the hostile £82m takeover in July 1992 of Finanzauto, Spain's only Caterpillar distributor.

Since the takeover, the Spanish construction market has declined more sharply than Bibby had expected.

Mr Richard Mansell-Jones,

Bibby chairman and a board director of Barlow Rand, said the construction market in 1993 was just 25 per cent the size it was in 1991. "It has hit the wall", he said.

The sharp decline has forced Bibby to incur higher than estimated costs to restructure the loss-making dealer.

Bibby reported net debt of £155m at the interim stage. Borrowings are expected to be somewhat lower when the group reports in November.

Bibby is aiming to float the three divisions as one company in February under the Bibby name through an offer for sale. The newly-listed group is

expected to be floated with some debt.

It will take some directors from the original company, but is likely to have an independent non-executive chairman.

This division accounted for 49 per cent of Bibby's total of £416m sales and about 52 per cent of £15m operating profits in the 26 weeks to March 27.

The original company, containing the Spanish and Portuguese Caterpillar operation and the Hyster materials business, will be renamed Stratford.

Barlow will retain 79 per cent of Stratford and 20 per cent of the new Bibby.

**Martin Intl shares dive following interim loss**

SHARES OF Martin International Holdings tumbled 38p to 49p yesterday after the garment manufacturer and Marks and Spencer supplier reported a first half loss and a sharply reduced interim dividend.

Mr Michael Kidd, chairman, warned that following closure costs, estimated at £500,000 in the second half, the group was likely to incur a small loss for the full year.

Results for the six months to June 30, compiled under FRS 3, showed a pre-tax deficit of £270,000, against a restated profit of £142,000. Turnover was little changed at £33.5m, including £1.23m from discontinued operations.

Losses per share deepened to 1.6p (0.2p) and the interim dividend is cut from 1.7p to 0.4p.

Mr Kidd said the outcome "illustrated the general pressure on margins in what remains an extremely competitive trading environment throughout the world".

The UK operations produced a "disappointing" result, he said, although business with Marks and Spencer progressed well and underwear and leisure wear achieved a "good" profit.

Overseas operations were adversely affected by a unexpected reduction in demand from customers in the US and the Middle East, factors that will also affect the second half.

**Three acquisitions bolster full-year profits and turnover****MR-Data expands 6% to £8.8m**

By Paul Taylor

ACQUISITIONS helped MR-Data Management, the data transcription and document image processing group, report a 6 per cent increase in annual pre-tax profits yesterday.

The surplus in the year to June 30 increased from £23.2m to £23.7m on turnover up 21 per cent to £40.8m (£33.7m). Earnings per share were unchanged at 10.6p but the final dividend is increased to 3.45p, making a total up 20 per cent at 5.19p (4.38p).

At the operating level the group, which changed its name from Microfilm Reprographics earlier this year, reported profits of £28.02m (£27.3m), bolstered by £300,000 from three acquisitions which also added £4m to turnover.

The three acquisitions were Atlanta-

based Fort Knox Secured Data which provides high security storage for paper and magnetic media and was acquired in July last year; the UK COM Service Bureau of NCR which was acquired in September last year; and Taywood Data Graphics which was acquired from Taylor Woodrow in January.

Mr Michael Elliott, who took over as chief executive in July, said trading conditions had continued to be difficult and that it was only recently that the group had begun to see more promising signs of an upturn in the level of orders.

Mr Elliott said that a new divisional structure had been introduced to provide a more focused approach to business development. He added that all the businesses traded profitably during the year.

Despite the acquisitions and capital expenditure totalling £8.7m the group

ended the year with £5.88m in net cash, down from £28.5m a year earlier.

## COMMENT

Despite a relatively lacklustre performance MR-Data's performance is still underpinned by long term contracts which are still highly profitable and should benefit from the recovery in the US and UK. Some of the software division, will take the group into new and potentially fast growing businesses like Geographic Information Systems. The management team is a little thin following recent resignations including that of the finance director, although no sinister implications need be drawn and the issue is being addressed. Pre-tax profits of about £10m look possible this year producing earnings of 12.6p and a prospective p/e of 17.

**Merivale Moore sees better trend**

After a year of advance Mr Greenville Moore, chairman of Merivale Moore, the property company, felt able to give an upbeat message with the results for the year to June 30.

"At the half year I was brave enough to indicate that the company was no longer helplessly bleeding to death. I am pleased therefore to have some good all-round news and progress to report, albeit not yet meriting the ringing of bells".

The shares rose 17p to 53p. Net assets per share were 76.7p against 77.3p a year earlier. Net debt was cut from £49.3m to £29.6m, resulting in gearing of 28.3 per cent.

There was a pre-tax loss of £399,000, after an exceptional credit of £238m relating to the settlement of a damages claim less exceptional charges. The comparative loss was £23.6m, restated for FRS 3 and after an exceptional charge of £19m.

Turnover was £24.3m (£20.3m). After a tax credit of £2.71m (£1.14m) earnings per share were 12.9p (losses 16.45p).

Mr Dean thought the company had been able to achieve its initial objective of rebuilding the balance sheet and now expected growth. Merivale had started the present year in better financial health than the last and in a "far more promising business climate".

**Renishaw down 21% to £7.14m as foreshadowed**

By Richard Gourlay

RENISHAW, the engineering group which makes specialist measuring equipment, reported a 21 per cent drop in pre-tax profits for the year to June 30 as its main markets remained deeply affected by recession.

The profits fell, from £9.09m to £7.14m, foreshadowed in a warning three months ago, left the shares 5p down at 275p.

Earnings per share fell from 13.1p to 10.3p and the recommended final dividend is held at 4p for an unchanged total of 6.5p.

Sales grew 10 per cent to £43m but almost all the increase was due to the

effect of currency translation.

The group confirmed that had it sold foreign currency when it received it, rather than hedging forward with sales ahead of the devaluation of sterling in September last year, pre-tax profits would have been £13m higher.

Mr David McCutry, chief executive, said sales in the first quarter of this year were ahead of last year but trading remained difficult.

At the operating level, before net earned interest of £2.2m (£2.4m), profits were down from £6.69m to £4.94m, representing a slide in the operating margin to 10.3 per cent (15.2 per cent).

**Malaysian dollar lifts plantations companies**

THE strengthening Malaysian dollar against sterling and improved results from other plantation companies were factors in the interim figures of three groups in which Rowe Evans Investments has substantial holdings.

Beradin Holdings reported pre-tax profits up 49 per cent at £248,989 (£167,385) on turnover of £450,624 (£371,215). Earnings per share were 0.5p (0.59p).

The company said that the oil palm crop and the average price was similar to last year but the Malaysian dollar had risen by 19 per cent. The results included net investment income of £24,346 (£278).

Singapore Para Rubber Estates saw pre-tax profits of £215,919, a rise of 79 per cent on the comparable £120,797. Turnover was £361,405 (£278,716). Earnings per share were 1.3p (0.77p). Net investment income was £51,885, against a charge of £48,878.

Lower crops of oil palm and rubber were blamed by Padang Senang Holdings for a fall in pre-tax profits to £39,587 (£57,267) on turnover of £210,940 (£224,847). Earnings per share were 0.36p (0.47p).

However, the fall was mitigated by the currency rise and higher investment income of £30,932 (£26,361).

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Current payment	Current payment	Total for year	Total for year
Abbeycrest	1.2	Nov 11	1.2	-	-	3.2
Allied Leisure	3.2	Dec 15	3.25	3	4.75	
Burn Stewart	3.3	Nov 15	3.35	5	3.35	
Campari Int	1.75	Jan 5	1.85	-	-	3.2
Elam	1.75	Jan 5	1.85	-	-	3.2
Galliford	0.5	Dec 28	0.5	1	4.3	
Higgs & Hill	1	Dec 6	1	-	-	2.3
Hughes (T4) S	0.75	Jan 4	0.75	-	-	2.3
Jones Group	4	Oct 29	4	-	-	12.5
Lamont	3.5	Dec 1	3.5	-	-	12.5
Lloyds Chemists	5.25	Dec 8	5.25	7.25	5.55	
Martin Intl	0.4	Jan 4	0.4	-	-	4.4
Merivale Moore	3.46	Dec 2	3.46	-	-	1
MR-Data	21	Dec 6	21	5.18	4.32	
Pochin's	4	Nov 21	4	-	-	2.3
Frederick	1	Dec 6	1	-	-	1.5
Renishaw	1.23	Nov 22	1.15	-	-	0.5
TR City London	1.23	Nov 22	1.15	-	-	4.8

Dividends shown per share not except where otherwise stated: 10p increased capital, US\$M stock, £M pence. \*First interim.

**TJ Hughes lower after poor summer**

TJ HUGHES, the USM-quoted multiple discount store group, reported a 19 per cent fall in profits before tax in its unseasonal first half to July 31.

The decline - from £143,000 to £116,000 - came on turnover ahead 9 per cent to £19.5m. Mr Gurth Hoyer Miller, chairman, said that like-for-like sales growth was 2.3 per cent, reflecting poor weather in May, June and July.







## RECRUITMENT

JOBS: Why the setting of clear-cut goals when seeking new business ideas can end in little net profit

## The source of effective innovation

QUITE who first cut spiral grooves up the inside of a musket barrel in Germany 500 years ago, nobody knows. Nor, while the longer and more accurate shots resulting from the "rifling" grooves led others to follow suit, did anybody then know why the new rifles outperformed smooth-bore guns.

So in 1547 the Archbishop of Mainz did an experiment to find out. He got riflemen to fire at targets with two sets of bullets. One set was made of silver, almost as sacred as gold by religious tenets, and the rest of unlovely lead. The lead bullets hit the bull far more often than the silver, which mostly fell short. Why?

The conclusion now would be that the bullets made of silver, a hard metal, resisted the grooves of the rifling and so were held back; whereas the soft lead kind yielded to the grooves, taking on the spin which did the trick. But that wasn't what the Archbishop concluded from the experiment.

His conclusion was that rifle bullets must be guided by devils. And that - in a society which believed the air was filled with invisible angels and demons fighting one another - served as a perfectly scientific explanation. What brings the said episode

to the Jobs column's mind is an uncanny coincidence which may betoken that I'm being guided by something (although which side of the fight it's on is another question). The sequence began at Spain's Instituto de Empresa management school, when I was hearing about the way the school teaches would-be top executives how to be successful innovators. The method is first to analyse markets to find a niche for a new product, then devise a product to fit the niche.

The description of some reminded me of some research into the matter which I'd reported, as I thought, about four years ago. So on returning I leafed back to January 1989, only to draw blank. That meant a long search, which miffed me because I wanted to get on with reading about a fairly new development in psychology I'd chanced upon, called reversal theory.

Among its suggestions is that, when taking action, people can be in either of two distinct frames of mind. In one of them, which the theory terms the *telic* state,

the action is undertaken solely as a means to some pre-set end. For example, when the goal of passing an examination causes you to delve into a textbook, you are reading in a *telic* way.

The other kind of action, termed *paratelic*, consists of things you do simply because you want to do them. When you get the feeling that you'd like to read and settle down with a book, you're reading in a *paratelic* way, probably with no clearer goal than just to see what happens.

Moreover, while we can change (or "reverse") from one to the other, we tend to be either *telic* or *paratelic*-biased in our actions.

But, as I said, my own reading of the theory was interrupted by the bunt for the research report, which turned out to date from 1987. The study, by Dr Rolf Berth, was of 73 successful innovators in companies. It found that only nine of them had been achieved by the method, essentially *telic*, taught in the Spanish school. The rest resulted from someone just having an idea and developing it to see what happened.

After reporting as much in the 1987 article, I went on to hazard a guess that folk with the clear-cut ambition needed to climb to the top of companies "have minds which operate in fundamentally different ways from those of effective innovators". Hence my feeling of awe on returning to the book on the theory, and reading of a trial in which some *telic*-biased people and others with a *paratelic* bias were individually set to work on a problem while wired to a device measuring the electrical activity in their brains.

Not only was the activity greater in the *paratelic* case, but the pattern differed. Their whole brain was directed towards a single focus, whereas the *telic* seemed to be applying different bits of their brain in separate directions. Gosh! I'm sorry!

That is unfortunately all I can tell you about the theory until I've learned more. Even so, it's surely enough to raise a question about the widespread belief that the best way to run a company is to fill all its influential positions with people of the decisive, goal-

orientated *telic* mentality. Doesn't it smack of the sort of belief which led the Archbishop to his conclusion about rifle bullets?

NOW to the table below, which gives the going rates of pay for British managers as shown by the Reward company's latest six-monthly survey. Anyone wanting to know more about it should

contact Vivienne Copeland at Reward House, Diamond Way, Stone, Staffordshire ST15 0SD; tel (0785 813566, fax (0785 817007).

My extracts relate solely to managers just below director. To update to October 1, all pay figures should be increased by 0.44 per cent. Regional variations from the median base salary of £31,058 were: higher - London by

16 per cent, Scotland by 6.8, South-east England by 3.0, and Northern Ireland by 0.2; lower - South-west England by 1.9 per cent, West Midlands by 3.2, North-east by 6.1, North-west by 7.2, and Eastern counties by 8.8.

Variations by company turnover were: higher - £500m-plus by 41.9 per cent, £300m-500m by 12.8, £100m-300m by 10.5, £50m-100m by 4.3; lower - £20m-50m by 2.6 per cent, £10m-20m by 3.2, £3m-10m by 10.7, and under £3m by 15.9.

Michael Dixon

Rank One = Most senior executive below rank of director in:	Lower quartile		Median		Upper quartile		% with cost per year
	Basic salary	Total money reward	Basic salary	Total money reward	Basic salary	Total money reward	
Company secretary	30,375	30,675	37,781	(35,124)	39,385	(36,000)	82.8
General management	28,597	29,235	34,822	(34,800)	35,395	(36,000)	81.2
Marketing	27,820	29,048	32,283	(31,950)	34,420	(32,950)	80.9
Finance & accounting	29,100	29,985	33,000	(33,000)	34,000	(33,771)	81.9
Data processing	27,944	28,503	32,270	(30,531)	33,683	(31,750)	78.6
Personnel	25,656	26,408	32,169	(30,300)	32,483	(30,361)	73.0
Administration	25,489	26,438	31,544	(28,400)	32,372	(28,500)	75.0
Surveying/construction	28,022	28,500	30,920	(27,500)	32,076	(27,500)	74.1
Distribution	24,035	24,710	28,992	(27,000)	31,896	(30,000)	65.4
Sales	26,000	27,164	30,808	(30,000)	31,752	(30,552)	75.4
Engineering	25,287	26,003	30,458	(29,169)	30,625	(29,550)	80.5
Purchasing	24,679	24,897	29,006	(27,500)	30,304	(28,000)	68.8
Scientific/technical dept	26,390	26,665	30,000	(28,816)	30,237	(29,250)	77.2
Production	23,760	24,688	28,500	(27,000)	29,044	(27,852)	75.3
Quality assurance	23,113	23,547	28,200	(26,300)	28,782	(26,863)	
All Rank-One execs	28,250	-	31,058	(30,000)	-	(-)	76.6

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You will have an Honours degree in economics, marketing, commerce, law, engineering or a similar analytical discipline which may already be augmented with an M.B.A.

Your written and verbal expression must be outstanding and you must be competent in financial analysis.

If you fit our requirements and have the integrity, drive and interpersonal skills to succeed in a vigorous firm, send your written application to David Archer, Managing Director.

I-F Consulting  
James House, 1 Babmar Street  
St. James's, London SW1Y 6HD  
Telephone: 44-71-925-2616  
Facsimile: 44-71-925-2636

BANKING OPPORTUNITIES IN SAUDI ARABIA  
Attractive tax-free salaries plus expatriate benefits

Our client is a major international bank affiliate in Riyadh, with a strong retail and corporate client base sourced through its branch network Kingdom wide. They are seeking highly motivated and experienced managers to join a success-orientated marketing/product development team in the following positions.

The **Marketing/Communications Manager** will be responsible for directing the conceptualisation planning, market research, information development and launch of the bank's new products and financial services sales communications. The position will also supervise other Managers responsible for sales promotions, PR and merchandising etc.

The **Product Manager** will be responsible for conceptualising, planning, research, development and launch of specific or a designated number of the bank's financial products and services in a timely and cost effective manner. The position will also advise other managers in sales and services to secure new business and to resolve problems.

The **Sales Promotion & Advertising Manager** will be responsible for managing and implementing the sales promotion and advertising activities of the bank. The position will receive direction from the MCM (above) and will work in tandem with all the other Managers responsible for developing, promoting and selling the Bank's products.

Candidates who must be self-starters and success driven, must show at least four years experience in a similar current position (within the financial sector), together with management skills and 'team player' qualities.

CVs should be directed to Brian Jarvis, at the address below.

Jonathan Wren International, PO Box 11947, Diplomatic Area, Manama, Bahrain  
Telephone: 010 973 532582 Fax: 010 973 532604

JONATHAN WREN INTERNATIONAL

HEAD OF REPO TRADING  
City £competitive

- Senior role for an experienced individual with in-depth Repo Trading experience coupled with proven Risk Management and business development skills.
- To work for a highly reputable, well rated International Investment Bank with a global presence in the Debt Markets.
- The ideal candidate will have a minimum of five years experience of Repo Trading in the European and US markets with similar duration of experience trading a matched book. The position will have responsibility for managing all forms of risk associated with the Repo Trading books, determining and executing funding strategies, managing the Repo Traders, developing the business and working closely with the sales teams. A strong understanding of the related credit and legal issues, systems development and settlement procedures will be required.
- The candidate should be a University Graduate. An MBA Degree would be highly desirable.
- Please contact Antony Regamey in strictest confidence at Michelangelo Associates, 36 Whitefriars Street, London EC4Y 8BH. Tel: 071 936 2857, Fax: 071 583 6531

EUROPEAN EQUITIES  
EDINBURGH

Opportunity for a young investment professional to manage pan-European funds for a leading international investment group.

The company is a specialist investment manager concentrating on global equity investment for UK and international pension funds and investment trusts. Funds under management currently total £3.5 billion.

Working in a small team, you will be responsible for managing funds invested in the continental European markets. You will also have a research responsibility covering specific companies and countries and will be expected to contribute to the development of investment strategy and to the asset allocation process.

To be a candidate, you must have a background in European research, preferably with

an investment management company. Some experience of fund management in continental Europe would be an advantage.

This is an excellent opportunity to develop a career in European fund management. The company offers a competitive salary and full benefits package, including an attractive performance-related bonus scheme.

To apply in strictest confidence, write enclosing CV to: Tony Tucker, John Sears and Associates, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Tel: 071-222 7733 or Fax: 071-222 3445.

John Sears and Associates  
Executive Search & Selection in Investment Management



Middle East based  
Negotiable Tax Free Expat. Package

ASSISTANT  
GENERAL MANAGER  
Commodity Trading

Our client is a well capitalised, recently established, multinational financial institution based in the Gulf, guided by Islamic principles and specialising in the trading of essential soft and hard commodities.

In line with their policy of continued expansion, they seek to appoint a high calibre individual to be responsible for the day-to-day trading operations and also to provide support in the general management of the company.

The successful candidate will have extensive experience in the trading of commodities together with proven capabilities in international tenders and Barter and Counter-tenders. Applications are invited from highly motivated and articulate individuals, ideally aged 40-45, who are educated to post graduate level. Fluency in Arabic and English is required as is a proficiency in French. An in-depth understanding of Sharia and Islamic financing techniques is also highly desirable.

The remuneration package will reflect the importance placed upon this key management position and will be commensurate with experience and capabilities. If you feel ready to accept the challenge of this exciting opportunity, please send your curriculum vitae in confidence to Walter Brown or Philip Wright or telephone for an initial discussion.

Tel: 071-698 6060

Fax: 071-626 2092

Devonshire Executive Limited  
25 Bedford Street, London WC2E 9HP

International Principal Recruitment Group

A Member of The Management Group



## European Banks and Financial Institutions Analyst

London

Competitive Salary

Our client, an internationally renowned organisation in the financial markets, is seeking an analyst to be an integral member of their Banking and Financial Institutions team in London, to focus on European based institutions.

The successful candidate will conduct and present financial analysis and strategic research for in-house purposes and external publication. The position also involves senior level meetings with clients, therefore excellent written and oral communication skills and the ability to represent the firm in a professional manner is imperative.

Applicants aged in their mid 20s to early 30s should be of graduate calibre and will have a strong grounding in the analysis of European banks and financial institutions and an understanding of at least one European

banking system. This experience may have been gained in a variety of environments including a lending or counter-party credit department, equity research, regulatory body or consultancy. Fluency in an additional European language would be advantageous. You will be a confident self-starter, able to work independently in a team environment.

An attractive remuneration package based on a generous basic salary will be offered to the successful candidate, which will entirely reflect experience.

For more information on this exciting opportunity, please call Karina Pietsch on 071 831 2000 or write to her enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Please quote reference 151459.



Michael Page City

International Recruitment Consultants  
London Paris Amsterdam Brussels Düsseldorf Sydney

## Group Human Resources Director

Global Investment Bank - London

Excellent Package

City

Rare opportunity to lead the human resources function of a major, global investment bank.

### THE COMPANY

- Leading investment bank with strong international presence.
- Active in all investment banking functions as well as asset management.

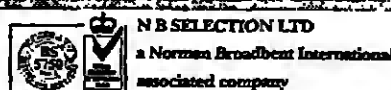
### THE POSITION

- Advise the Chief Executive and Board on all aspects of HR.
- Set policy and manage the HR function worldwide.
- Provide HR input to the strategic and planning processes.

### QUALIFICATIONS

- Experience of HR function in a major investment bank.
- Proven management skills applied globally.
- Experience of working outside the UK is essential.
- Able to contribute HR input to strategic direction.

Please send full cv, stating salary. Ref LM4095  
NBS, 54 Jermyn Street, London SW1Y 6LX



## net profit

cent. Scotland by 6.5, west England by 3.6, and Ireland by 0.2; lower west England by 1.9 per cent by 8.1, North-west by 6.1, Eastern counties by 8.8, higher by company turnover: £200m-£500m by 12.4, £500m-£100m by 10.5, £100m-£50m by 7.8, £50m-£25m by 5.6 per cent, £25m-£10m by 3.2, £10m-£5m by 1.5, and under £5m by 15.9

## Michael Dixon

Upper quartile	Total	% with company
Basic salary	£000	
40,100	40,100	82.2
40,375	40,375	21.2
38,225	38,225	34.9
36,500	36,500	61.3
34,363	34,363	75.8
32,170	32,170	74.0
30,150	30,150	76.0
28,110	28,110	77.1
26,050	26,050	74.1
24,000	24,000	74.1
22,071	22,071	74.1
20,100	20,100	69.5
18,200	18,200	58.3
16,350	16,350	52.3
14,550	14,550	47.2
12,800	12,800	39.3
11,100	11,100	29.8
9,450	9,450	21.8
7,850	7,850	15.8
6,300	6,300	10.8
4,800	4,800	6.8
3,350	3,350	3.8
1,900	1,900	1.8
400	400	0.8

## Consultant

national Marketing Consultant are seeking active and experienced individuals for a variety of positions. The successful candidate will be responsible for the development and implementation of marketing strategies for a range of clients. The position offers a competitive salary and excellent benefits. For more information, please contact us on 071 831 2000.

## ADING

petitive

Training and Development Consultant are seeking active and experienced individuals for a variety of positions. The successful candidate will be responsible for the development and implementation of training and development programmes for a range of clients. The position offers a competitive salary and excellent benefits. For more information, please contact us on 071 831 2000.

## ES

European funds

European funds are seeking active and experienced individuals for a variety of positions. The successful candidate will be responsible for the development and implementation of investment strategies for a range of clients. The position offers a competitive salary and excellent benefits. For more information, please contact us on 071 831 2000.

## The Data Protection Registrar

Wilmslow, Cheshire c. £55,000

The Data Protection Act 1984 governs the use throughout the United Kingdom of computerised information about living individuals. It requires the holders of such information to register and to meet prescribed standards. It gives individuals the right to have access to computerised information held about them, and to challenge its accuracy.

The Data Protection Registrar is an independent officer who is appointed by Her Majesty the Queen and who reports directly to Parliament. A successor is now sought for Eric Howe CBE, the first Registrar, who retires early next year. This is a fixed-term appointment for five years with the possibility of renewal.

The Office of the Data Protection Registrar has 100 staff and an annual budget of £3.5 million. The Registrar's role is to act as an ombudsman in ensuring the responsible use of computerised personal information; this entails maintaining the public register of data users; interpreting the law; promoting good practice in the handling of personal data; and enforcing the provisions of the Act and applying it to new

technologies. The extension of the Registrar's powers to include overseeing the proposed right of access to non-computerised personal information held in the public sector is under consideration; other changes to the role could result from a proposed EC Directive now under discussion in Brussels. The Registrar maintains close contacts with counterparts in other countries.

You will have knowledge of the operations of commercial and/or public sector organisations where computers are used to handle personal data. Proven managerial ability at a senior level is essential and a background in, or familiarity with, legal issues would be an advantage. You will also have managed change sensitively and have the personal qualities needed to earn the respect of consumers, top managers and Parliament for your independence and objectivity.

For further details and an application form (to be returned by 29th October 1993) please write to Recruitment & Assessment Services, Alcon Link, Basingstoke, Hampshire RG21 1JB, telephone Basingstoke (0256) 466551 or fax (0256) 846374/846565. Please quote Ref. B/1936.

An equal opportunity employer



RAS

## Derivatives - Middle Office Operational Accounting

c£50,000 Plus Benefits

The client is a US Investment Banking and Securities Trading Group and one of the leading players in the Global Financial markets. They are recognised as market leaders in a number of product areas and enjoy a reputation for innovation and progression backed by a long term commitment to the market. This commitment is emphasised by their continual search for excellence and drive to constantly improve the level of client service in an ever more complex and high volume business environment.

Reporting to the Director Derivative Accounting, you will be a key element in the establishment of a middle office function for this organisation. Your main responsibilities will be the management of the daily flash profit & loss process and position monitoring. The role will involve constant liaison with traders in London and the Accounting Group in New York where the emphasis will be on the ability to define and explain P&L for derivatives and risk management.

Candidates will be aged 25-30, degree level educated and ideally qualified or part qualified accountants. They must have a minimum of three to five years' practical accounting experience for derivatives, including P&L preparation for swaps. They should have a broad product base knowledge including hedge instruments and must demonstrate a sound business awareness combined with the ability to comprehend the relationship between risk and P&L. They will be innovative, proactive, confident and possess first class communication skills, displaying the energy, initiative and flair required to meet the continuing challenge that this role will present.

For further information, please telephone or write in strictest confidence to Giles Simons, Firth Ross Martin Associates, Search and Selection Consultants, Bell Court House, 11 Blomfield Street, London EC2M 7AY, Tel: 071 628 2441, Fax: 071 382 9417.



FIRTH ROSS MARTIN ASSOCIATES LTD.

A Member of the Blomfield Group of Companies

## Trade Finance Manager

As an expanding oil based trading company, our client is offering a new position in their trade finance division.

The successful applicant will be expected to have acquired between 4-7 years experience of trade finance with the emphasis on risk management and structuring. They will also have had experience of third party relationships. This is expected to have been gained through a recognised bank and/or trading house.

The ideal age of the successful candidate would be between 28 and 35 years old and any knowledge of an additional European language would be useful.

A competitive salary is being offered with this new position and will be subject to age and experience.

Please send a detailed curriculum vitae quoting reference RW9399 to Rochester Partnership Limited, Executive Selection Consultants.



Rochester Partnership Ltd  
Garard House  
31-45 Gresham Street  
LONDON  
EC2V 7DN

Telephone: 071 600 0101  
Facsimile: 071 796 4255

## RESEARCH ASSISTANT FAR EAST INVESTMENT

Competitive Salary & Benefits

We are one of the leading international fund management groups with over £16 billion under management. As part of our commitment to Far Eastern investment we are seeking to appoint a Research Assistant in our London office.

Working with an experienced team of Fund Managers, you will be closely involved in the development and maintenance of a Far East database, reporting to the head of the team. This will involve research and analysis of specific sectors, and liaison with external analysts. The right calibre of candidate will have the opportunity for career progression to a Far East Fund Manager.

To meet this demanding role, ideally you will hold a degree in economics or a related discipline, with 1-2 years' work experience within the finance industry. The position requires computer literacy, along with a high degree of numeracy. You should be able to demonstrate enthusiasm, initiative and excellent communication skills. You will have a knowledge of and have pursued an interest in the Far East, with oriental languages being an advantage.

If you are interested in this challenging role, please apply promptly with CV to Ref: AF, Personnel Department, Gartmore Investment Management Ltd, PO Box 65, 16-18 Monument Street, London EC3R 3QQ. Closing date - 15th October 1993.

Gartmore

Gartmore Investment Limited, a member of IMRO.

## RUSSIA/EURASIA SALES

Major US brokerage firm seeks financial consultant to cover former Soviet Union from its London subsidiary. Must have existing relationships, speak fluent Russian, be fully conversant with US products and have current full US regulatory registration.

Applicants should forward their biographies in confidence to Box B1708, Financial Times, One Southwark Bridge, London SE1 9HL.

## EQUITY BROKER

Small dynamic brokerage company trading broad range of financial instruments requires a broker for International Equities Sales. An ideal applicant will have two years securities experience and some knowledge of futures. Computer literacy is essential and a graduate (non-employer) is preferred.

Please send C.V. to EB Associates Ltd, Martin Stockton, 7 Old Park Lane, London W1Y 3LJ.

Information Services

## FINANCIAL TIMES

## Product Manager

Salary £17-20,000

FT Information Services need an organised, capable product manager to help develop the range of electronic data feeds, indices and directory products managed by its Database Publishing department. Working in the FT headquarters at Southwark Bridge in central London, the successful candidate will be responsible for specifying and managing the implementation of developments to data feed products used by a broad range of financial services clients. They will also provide a technical support to the unit's commercial and customer support staff, and be responsible for project management using both internal and external resources.

The requirements for this challenging position include a good general understanding of electronic file structures, databases, and PC communications and networks, plus some familiarity with financial statistics. Personal communication skills and commercial aptitude will be equally important as will the ability to become an effective member of a small hardworking team. Previous experience in a related position such as customer support would be a distinct advantage.

We offer a generous benefits package, including five weeks annual leave, season ticket loan and staff restaurant. To apply please write enclosing your CV to:

Emma Sydney,  
FT Personnel Department,  
Number One, Southwark Bridge,  
London SE1 9HL.

## FX Sales Paris / Frankfurt

The expansion of our FX sales operations in Europe has produced opportunities in both our Paris and Frankfurt offices.

We seek high calibre sales professionals with at least 3-5 years' experience in FX sales with a blue chip international house. The successful candidate will possess a good knowledge of the currency options market, and outstanding numerical and commercial skills.

We will also expect applicants to be fluent, confident communicators, excellent team players, and above all, ambitious.

Package: £Excellent.

Applicants should apply in writing with full details to:

Ms Rowena Spence, Personnel Manager,  
Barclays Global Foreign Exchange, Murray House,  
1 Royal Mint Court, London EC3N 4HH

Barclays Global Foreign Exchange

## TRAINEE DERIVATIVES TRADER

CNA (UK), a leading financial Options Market Making firm, seeks applicants for positions on London's International Financial Futures Exchange. Candidates must be University qualified, Numerate, Highly motivated and disciplined for this demanding environment. Send all enquiries to:

M. Bashore,  
1-3 College Hill,  
LONDON EC4 2RA.

## INSTITUTIONAL EQUITY SALES

We are a major Norwegian Financial Institution, based in London. We are seeking to recruit a salesperson to market Norwegian equity products to institutional clients as part of an established team.

The ideal candidate will have previous experience in Scandinavian sales, although a more general European sales background may be considered.

We offer a competitive remuneration package including performance related bonus and other banking benefits. Please apply in writing, enclosing your CV to:

Box B1720, Financial Times,  
One Southwark Bridge, London SE1 9HL



## Corporate Finance

### Birmingham Significant Packages

KPMG Corporate Finance already operates as a major force in corporate financial services in the Midlands. Due to continued growth, its well-established Corporate Finance team will be further strengthened by the appointment of three additional specialists:

#### Venture Capitalist

To specialise in MBO's and fund-raising. Applicants should have a minimum of 2/3 years' experience in the venture capital industry or similar experience in a corporate finance organisation, managing MBO's and MBI's at a senior level, and are likely to be qualified Accountants.

#### Mergers and Acquisitions Manager

To specialise in and control mergers, acquisitions and company disposals. Applicants will currently be in industry, with direct responsibility for an acquisition and/or divestment programme.

#### Financial Advisor

To act as deal initiator and manager for corporate transactions. Applicants will be merchant bankers or directors of a public company, with first-hand experience of controlling corporate transactions from strategy to completion, and are likely to be qualified Accountants.

Candidates must have strong analytical and marketing skills, the ability to operate at Board level and be able to work effectively within a team. It is unlikely that candidates under 30 years of age will have sufficient experience for these positions. Career prospects are excellent.

Please write, indicating which position you are interested in, to David Gibbs, with full C.V. and salary details, quoting reference B/435/93.

### KPMG Selection & Search

Pent House, 7 Cornhill Street, Birmingham B3 2DL.

## Treasury & Capital Markets

### Graduate Trainees

#### City Based + Banking Benefits

ING Bank is part of the ING Group, which is one of Europe's major financial institutions. The Bank has over 180 offices in 38 countries with well established operations in International Treasury & Capital Markets, Corporate Banking, Private Banking, Emerging Markets Banking and Asset Management.

As part of the continuing expansion of our London operations, we are seeking graduate trainees with 12 months banking experience, who wish to establish a career in Treasury and Capital Markets.

Please write in confidence to: John A. Newman, Head of Personnel, Internationale Nederlanden Bank N.V., 2 Copthall Avenue, London EC2R 7BD.

ING BANK

### VICE PRESIDENT OPERATIONS

#### Package Negotiable

A leading Group in Kuwait requires a resourceful and highly experienced V.P. for its operations. Our companies deal in Computers, Food Stuffs and Elevators. Also we are in the Trading and Contracting business. Reporting to the President, you will assist in the overall day-to-day operations of the business. Carry out a comprehensive review of each segment of our operations, and identify and develop new business opportunities. This is a challenging role that demands a highly enthusiastic and dedicated person.

The candidate will possess a professional qualification and a minimum experience of 20 years including at least 5 years in a leading role in a large corporation. Communication in both Arabic and English is required and ability to lead by example is a pre-requisite.

Please write in confidence with full CV and covering letter outlining your current package and career achievements to date to:

The Advertiser, P.O. Box 21119, Safat 13072, Kuwait or Fax (00965) 246-6202

### HEAD OF FOREIGN EXCHANGE TRADING

#### Competitive Package

A major European bank with a strong reputation in the foreign exchange market is looking for a Head of their FX trading team. The successful candidate will be in their thirties, with a minimum of five years FX trading experience, including a focus on Scandinavian currencies. Successful management experience of a sizeable team and experience in trading both spot and forward FX are essential. Knowledge of German and at least one Scandinavian language is also preferable.

Please reply in writing with full CV, Ref OC158

BMI

1 SOUTH AUDLEY STREET, LONDON W1Y 1PL Tel: 0171 495 1500 Fax: 0171 495 1600  
A Division of BMI & Co. International

### CORPORATE FINANCE PROFESSIONALS

A leading Turkish-based brokerage house with a broad foreign institutional client base is seeking corporate finance professionals to add to its growing corporate finance group. For both positions, fluency in a second language, including Turkish, is an asset. Applicants must be willing to relocate to Istanbul.

#### Corporate Finance Executive

Keen, aggressive and self-possessed, you will be responsible for all aspects of corporate finance deal origination, development and execution. This position offers excellent opportunities for those who can oversee a deal from client contact through mandate letter to closing.

#### Corporate Finance Analyst

Put a solid educational and professional background to work for the corporate finance group in the analysis and evaluation of corporate finance transactions. In addition to superb numeracy, you will possess strong writing skills which you will use to communicate your views and conclusions with clarity, speed and accuracy. Expertise with Lotus, MS Excel, MS Word, SAS, TSP or similar statistical software packages is a requirement for this position.

Applicants interested in the foregoing positions should respond by providing a curriculum vitae and a letter outlining career objectives and salary history and expectations, to: Greg Kiez, Acting Director of Corporate Finance, Global Menkul Degerler A.S. 368/11 Halaskargazi Cad. Gifit Apt., Sisli, Istanbul TURKEY 80220 Fax: (901) 230 22 35

### Corporate Treasury Systems Client Support

MCM is adding more client support professionals to our treasury management systems team. Experience in financial software and PC Systems essential. Corporate Treasury experience, direct or in support, helpful. Please send CV and covering letter (reference FBS/FT/93-4) to:

Multinational Computer Models Ltd.  
Attention: Personnel Department  
Butler House, 19-23 Market Street  
Maidenhead, Berks. SL6 8AA  
Fax: 0628-71540

## NationsBank

An outstanding opportunity for a creative young banker

### Relationship Manager

NationsBank has emerged as a new force in the international financial markets. Its strong balance sheet, coupled with a diverse product range and innovative approach to solving client funding problems has led to a rapid increase in business activity.

To meet this demand the Bank now seeks an additional relationship manager to augment the existing corporate banking team.

The ideal candidate will be a US bank credit trained graduate, with a minimum of 5 years banking experience. He/she will have extensive exposure in lending to major, blue chip, UK/European multinational corporates at agent, underwriting and participative levels.

Allied to this an understanding of a broad range of treasury, capital markets and corporate finance products, enabling him/her to not only cross sell the Bank's expertise, but also that of Panamora Gordon and Nations CRT.

This post represents an exceptional opportunity to join the growing London operation of one of the most profitable banks in the US.

The bank seeks the highest quality candidates and the remuneration package reflects the importance of this position. It will include a competitive basic salary, car, discretionary bonus, mortgage subsidy and the full range of banking benefits.

Interested candidates should contact Nihal Mucungham at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed Curriculum Vitae to the address below. All applications will be treated in the strictest confidence.

76, Watling Street,  
London EC4M 9BJ

BBM  
ASSOCIATES

Tel: 071-248 3653  
Fax: 071-248 2814

### SENIOR CREDIT ANALYST

Salary and benefits will reflect the seniority of this position

This prime European bank has an extensive UK and Nordic loan portfolio across a broad range of sectors. It seeks to recruit a dedicated credit analyst at senior level. In addition to preparing detailed credit analysis including cash flow forecasts, the senior credit analyst will devote a lot of time to the training, development and monitoring of junior analysts. The production of industry sector research will form part of the role. Applicants should have at least five years' relevant experience within a bank. A degree or professional qualification will be beneficial but is not essential. Candidates should be able to demonstrate a high degree of professionalism as well as strong self-motivation and excellent inter-personal skills.

### CREDIT ANALYST - ZURICH

An opportunity has arisen to work for a highly regarded overseas bank at its Head Office in Zurich. Supporting the Relationship Manager in advising the Dutch multinational client base, this person will undertake extensive credit analysis as well as monitoring the portfolio. In addition, the Analyst will assist in maintaining good customer relationships, organising roadshows, setting up targets, attending client visits and making presentations. Applicants will be graduates, aged 25 to 30, possess good credit skills and display a confident and outgoing personality. Every opportunity will be given for career development and progression.

Please contact Brenda Shepherd

Fax  
071-626 9400

Ridgway House 41/42 King William Street  
London EC4R 9EN

Telephone  
071-626 1161

SHEPHERD LITTLE

## EQUITY RESEARCH ASSISTANTS

- Assistant roles to provide support to the Pan European Equity Research Analysts offering career prospects for success-orientated individuals.
- The opportunity to work at a highly-rated International Securities House with a first class industry reputation for their Equity Research Product.
- You will have at least two years experience within the Equity Markets in either Sales or Research. Aged in your twenties, you will have a quality degree, spreadsheet experience and also a knowledge of accounting and analysis. The role will include statistical analysis, financial analysis of company figures and reports and the production of written research material in a demanding, pressurised environment. The successful candidate will work with the Analysts, specifically the Chemicals Analyst and UK Electronics and Telecommunications Analyst, to provide current, up to date research and forecasts on the European Industry for the Equity Sales, Trading and Corporate Finance teams.
- Please contact Oliver Wells in strictest confidence at: Michelangelo Associates, 36 Whitefriars Street, London EC4Y 8BH. Tel: 071 936 2857, Fax: 071 583 6531.

## Opportunities in Corporate Finance and Trainee Fund Management

Due to increasing business success, a major British Merchant Bank is seeking junior Executives with 1-2 years' work experience for several of its business areas.

Your role will be to support specialist teams providing succinct analysis of sectors, companies and countries. You will be also required to make an immediate contribution in terms of ideas and client liaison.

You should have a 2(1) degree, preferably in Economics, Law or a business related discipline, and have

proven analytical and PC skills as well as experience of writing reports.

You will need to be a confident communicator and fluency in a European language would be advantageous. Thorough training will be provided and opportunities for progression are excellent.

Please apply in strict confidence, enclosing a detailed CV including current salary and indicating your preferred business area, to Geoff Selby (Ref. GR/66), Buckley Deane Wakefield Limited, 38 Charterhouse Square, London EC1M 6EA.

BDW ASSOCIATES

### HEAD OF CAPITAL MARKETS

A joint venture bank headquartered in Cairo is seeking to recruit an experienced Capital Markets Professional to head up this activity.

Applicants should be familiar with money market instruments; mutual fund development & management; company valuations; public offerings etc. In addition they should be fluent Arabic speakers and have a familiarity with Egyptian banking most likely acquired by having previously worked and lived in the country.

Salary and Benefits offered are very competitive and reflect and importance of this senior management role within this Bank.

Applicants should send their CVs to:

Ms. Kamilia Hussein  
4, Hassan Sabry St.  
Zamalek, Cairo  
Telephone No: 02-3400063

EAB

البنك المصري الأمريكي  
Egyptian American Bank



**IBFG Interdisciplinary Consulting & Research Group Ltd**

Our client is a renowned, medium-sized private investment bank situated in Zurich's financial district with a strong focus on brokerage business.

With a view to expanding services to institutional investors the bank is looking to complement its small, highly motivated team by a

**SENIOR FINANCIAL ANALYST**  
(male or female)

who would provide the major impetus for selling Swiss shares.

Candidates for this position ideally should have a sharp analytical mind and commensurate track record combined with a high degree of self-assurance and conviction in dealing with clients as well as the requisite will-power to demonstrate exceptional performance both independently and as a team player.

If you feel qualified, we would be pleased to receive your application including the necessary particulars. Complete discretion is assured.

Dr Leopold Kohn, Managing Partner  
IBFG Interdisciplinary Consulting & Research Group Ltd  
Beckenhofstrasse 16, PO Box 176, 8035 Zurich / Switzerland  
For further information or details, phone +44-1-382 9900.

**Sassoon (Europe) Ltd**  
BROKER: SOUTH EAST ASIA

J.M. Sassoon is an international stockbroking firm which has been specialising in the marketing of South East Asian securities for well over 30 years. Sassoon (Europe) Limited is a member of the Sassoon Group of Companies and is currently strengthening and expanding its broking activities in the London office.

We are seeking to recruit Salespersons with thorough recent experience in marketing South East Asian stocks with a focus on Hong Kong, Singapore and Malaysia. Your client list must include U.K. institutions. You should have a high level of motivation and will be expected to fulfil an important role in a dynamic team.

Performance will be rewarded with an excellent salary and attractive incentives.

Interested candidates should contact:

R.M. Nelson, Chief Executive, Sassoon (Europe) Ltd.  
53 Tinkley Street, London SE1 2QN  
Tel: 071 378 6399 Fax: 071 378 8420

**Corporate Banking**

Our client is a highly rated, North American bank, with a well established presence in London and other major financial centres.

The bank now seeks to recruit an Associate, to support Account Managers in marketing the full range of Corporate Finance and Treasury products to UK corporates.

Applicants should ideally have 2-3 years relevant banking experience and possess strong analytical skills. Candidates should also be university graduates, highly motivated and PC literate, with effective communication skills.

This post is an important element of the Bank's structure and applications are encouraged from candidates seeking long term careers in a demanding and meritocratic environment.

Salary will be dependent upon qualifications and experience and the total remuneration package will be highly competitive.

Interested candidates should contact Niall Macnaughton at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed Curriculum Vitae to the address below. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

**BBM ASSOCIATES LTD**

Tel: 071-248 3653  
Fax: 071-248 2814

**INTERNATIONAL PRIVATE BANKING**  
MANAGER AND DEPUTY MANAGER OFFSHORE

A major International Private Bank has vacancies for a Manager and a Deputy Manager to run and develop International Banking Services in the Isle of Man.

Candidates should possess appropriate professional qualifications and be fluent in at least English and Swiss German. Extensive experience of onshore and offshore international banking is necessary and in particular the candidates need to demonstrate a high degree of specialised knowledge in dealing with Fiduciary Deposits and Products.

An attractive benefits package commensurate with a leading financial institution will be offered.

Preliminary interviews will be held in the British Isles.

Detailed Curriculum Vitae should be sent to the relevant contact person in the strictest confidence to Box B1707, Financial Times, One Southwark Bridge, London SE1 9HL.

**MERIDIAN INSTITUTIONAL EQUITY SALES x3**

Ambitious team players are required for 3 new positions within a major int'l investment bank.

Experience in institutional sales or fund management preferable.

Call Emily Aldrich (rec cons) 071 255 1555

**CONFERENCE PRODUCERS**

AIC Conferences is one of the world's leading organisers of business conferences. The company has recently opened new offices in New York, Mexico, Chile and London. Rapid expansion of the London Office is creating openings for conference producers.

As a Conference Producer you will be responsible for researching and writing conference programmes on topical business issues. You must be confident, self motivated and hardworking. You must have a good university degree and preferably two years commercial experience in an area such as banking, law, government, IT, manufacturing or health.

Please forward your resume by the 12th October to:

Charles Macdonald, General Manager, AIC Conferences, Nestor House, Playhouse Yard, London EC4V 5EA.

**Senior Investment Analyst**  
UK Equities

One of the UK's leading London-based investment management organisations has a requirement for an experienced investment analyst to join its UK equities team. Initial responsibilities will entail the in-depth coverage of a number of market sectors and the selection of stocks for a range of pension fund and insurance portfolios.

The position is likely to appeal to investment analysts with 2-3 years' investment research experience with the primary focus on the UK market. Candidates must possess well developed interpersonal and communication skills and will be graduates probably in their mid twenties.

If you would like to be considered for this opportunity, which offers a competitive salary and benefits package and the prospect of early advancement to portfolio management responsibility, please write in confidence to:

IMR Recruitment Consultants, No. 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (tel. 071 872 5447).

**IMR**

INVESTMENT MANAGEMENT RESOURCES

**APPOINTMENTS WANTED**

**MEXICO**  
Dynamic banker (32) seeks position in Mexico. Extensive background in debt restructuring and M&A related corporate finance transactions in Mexico. Fluency in German, English and Spanish. Swiss citizen, graduate in economics. For more details, please write to Financial Times, B1719, Financial Times, One Southwark Bridge, London SE1 9HL.

**TRANSLATOR**  
LADY, 34, TRANSLATOR AND SIMULTANEOUS TRANSLATOR IN GERMAN, ENGLISH AND FRENCH SPEAKS FRENCH FULL TIME OR ON A CONTRACT BASIS AS P.A. TO TRAVEL AGENT. FAX NO: 031-553 6786. Write Box B1718, Financial Times, One Southwark Bridge, London SE1 9HL.

**STOCKHOLM**

Highly qualified (A.C.A. big 3) with vast range of work experience at manager level (Corp. finance, banking, research, compliance, administration) moving to Stockholm seeks position.

Write to: Box B1716, The Financial Times, One Southwark Bridge, London SE1 9HL.

**FINSBURY CONSULTING LIMITED**  
**TOTAL QUALITY MANAGEMENT ENEG**

As part of its commitment to Total Quality Management a Major U.K. banking group with a global presence wishes to appoint a **QUALITY FACILITATOR AND COMMUNICATION CO-ORDINATOR** to its London Head Office. You will ideally have hands-on experience in the development of TQM to ISO 9001/2 standard either in the manufacturing or service sector. It is likely you will be aged 25-35 and for the more senior post be a graduate with a business administration qualification.

Please contact Anne Langdon at: 16 City Road London EC1Y 2AA  
Tel: 071-628 9421 (24 Hrs) Fax: 071-256 9276

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The FT can help you reach additional business targets in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Clare Penwell on 071 873 4827

**RESOURCEFUL**

Numerate, literate, male, London, seeks genuine opportunity working from home.

Please reply to: Box B1717, Financial Times, One Southwark Bridge, London SE1 9HL.

**Finance Director**  
Central London £45,000 + Benefits

An exclusive, fast growing retail group with a quality product range is seeking a Finance Director to strengthen the management team at Board level.

Key issues to be tackled include significant input to strategic development of the business and implementation and management of integrated systems and controls.

Suitable candidates will be graduate, qualified accountants with broad experience covering management and financial reporting, MIS, treasury and financial control. Experience of change management in a retail or related business is strongly preferred.

Business acumen, flair and drive are essential, as is a creative, highly credible management style.

Please send a full CV to Pippa Curtis, Douglas Llambias Associates, 410 Strand, London WC2R 0NS. Tel: 071 836 9501 or Fax 071 379 4820 quoting ref 710PC.

**DOUGLAS LLAMBIAS**  
RECRUITMENT CONSULTANTS

**ACUSON COMPUTED SONOGRAPHY**  
**European Financial Controller**  
West London c. £50,000 + Benefits

Acuson is the worldwide leader in the design, manufacture and marketing of medical diagnostic ultrasound systems.

Due to the relocation of their European Headquarters from Frankfurt to Stockley Park they are recruiting a qualified accountant with significant international experience to control their pan-European operations.

The scope of this role will be to:

- \* Manage all aspects of financial support to the European Distributor business and as required provide guidance and support to the European Subsidiary Controllers.
- \* Ensure successful budgeting and business forecasting.

Additional responsibilities will include:

- \* Contract construction and financing.
- \* Advising on investment decisions.
- \* Managing all banking, treasury and exchange exposure issues.

A comprehensive benefits package including car and profit sharing is offered together with a salary of circa £50,000.

Candidates should send their CV to David Brownlow at Douglas Llambias Associates, 410 Strand, London. Tel: 071 836 9501. Fax 071 379 4820. (ref 710DB)

**DOUGLAS LLAMBIAS**  
RECRUITMENT CONSULTANTS

**INTERNATIONAL MANAGEMENT GROUP**

International Management Group, Mark McCormack's worldwide sports and arts management organisation is looking for a

**CORPORATE TAX EXECUTIVE**

to join its Corporate Tax Department in Cleveland, Ohio. This position will require excellent international tax experience with a good understanding of European country taxes. Its principal responsibility will be tax planning and research for IMG operations in Europe, however a solid practical accounting background will be essential for other responsibilities: preparation of projections, analysis of financial data, assisting in preparation of tax returns, etc. The successful applicant will be an ACA (or equivalent, CPA in US, etc) with at least four years post qualification experience in a large firm, will have in depth experience of and expertise in European country taxes, and a basic understanding of U.S. corporate taxation, especially relating to U.S. taxation of international transactions.

Please reply in writing with full C.V. to Louise Dier, Pier House, Strand on the Green, Chiswick, London W4 3NN.

**FAST EXPANDING CORPORATE FINANCE DIVISION OF SUBSTANTIAL FINANCIAL GROUP WISHES TO ATTRACT EXPERIENCED EXECUTIVES**

Successful candidates are likely to have graduated from Financial Consulting or Corporate Finance Departments of the big accountancy firms or smaller M & A departments of a Merchant Bank or Venture Capital House. Key attributes will include proven financial modelling capabilities, outstanding commercial drive, excellent communications and presentation skills. Keen sense of humour essential.

Self-motivating applicants should forward CV's to: Box No A464, Financial Times, One Southwark Bridge, London SE1 9HL.

**TOWER HAMLETS HOUSING ACTION TRUST**  
Director of Finance and Administration  
up to £42,000 + BEN

The Tower Hamlets Housing Action Trust, with the full support of residents has the exciting task of taking forward the redevelopment and improvement of three 1970's estates in Bow. The programme will involve major capital works to replace and refurbish 1600 units phased over 5-7 years at an estimated cost of £80 million. It will work in close partnership with those over 5-7 years at an estimated cost of £80 million. As well as providing high living on the estates, the private sector and other agencies. As well as providing high standards of living, the HAT has broader social objectives to improve community facilities and enhance training and employment opportunities for residents.

The Trust is now seeking a Director of Finance and Administration to develop and implement its financial policies and procedures. The successful applicant will be a qualified accountant with both public and private sector experience, used to preparing and managing multi million pound budgets, with excellent organisational and communication skills.

The principal responsibilities will include overall financial management, preparation of budgets, plans and forecasts, overall systems and project management, development of personnel and general administration policies, raising finance, capital project appraisal, tax management and the normal duties associated with running an in-house accounts department. Experience and a proven track record in these matters is therefore a prerequisite.

Application form and information pack are available from Regina Oloro at Tower Hamlets HAT Office, 278/279 Lefevre Walk, Bow London E3 2RD or telephone 061 983 4698 between 9am and 5pm Monday to Friday quoting reference No DFA/83. Closing date for applications is 29 October 1993.

The Tower Hamlets HAT is committed to providing equal opportunities.

**FINANCE DIRECTOR**  
Publishing Dorset To £35,000 + Benefits

Our client is an independent, international publishing house with an enviable reputation for quality and innovation. The company is committed to growth and in this connection now seeks a financial director with initiative and ability.

The ideal candidate will be a bottom line oriented, qualified accountant - probably aged late 20/30s - with a proven ability to implement and manage change in a challenging environment. Principal accountabilities will be to maintain and develop the company's accounting systems, provide monthly management information including management accounts and cash flow forecasts, and apply pragmatic solutions to commercial issues. First class communication skills, personal maturity and the ability to work with a small, committed, management team are essential.

Knowledge of publishing would be a significant plus, but experience of other, relevant, service industries will be considered. The successful candidate will possess the potential to develop as the company continues to grow: this is a first rate opportunity.

Please write, enclosing career and salary details to:

James Fane-Gladwin, Director, Beauchamp Browne, 5 Old King Street, Bath BA1 2JW, who is advising the company.

**Hong Kong based**  
**INTERNATIONAL FINANCIAL CONTROLLER**

Fund Management Company with an established reputation as a leading player in South East Asia seeks an experienced qualified accountant with a strong background in the financial services industry.

Reporting to the Board, the Financial Controller is responsible for the day to day implementation of financial controls for the Group's international business network and for corporate financial management. The successful applicant should have particular awareness of fund accounting, corporate secretarial matters, treasury management, international tax legislation and have strong administrative skills.

A graduate chartered accountant from a leading firm, probably in your early 30s, results-driven, confident, industrious team-spirited and adaptable with experience gained in a commercial environment and used to communicating at the highest level. Single status preferred.

£Attractive + Relocation Expenses, housing and normal benefits.

Please write enclosing a full CV, recent photograph and salary expectations to Box B1712, Financial Times, One Southwark Bridge, London SE1 9HL.

Closing Date 19th October, 1993



## ACCOUNTANCY COLUMN

## Portion of Cadbury may taste more bitter than sweet

Andrew Jack wonders whether proposals for internal controls are focused in the right direction

**T**HOUSANDS of copies of an unlikely bestseller are circulating in British boardrooms this month in a sale driven by fear. The text is one which could test executives' powers of imagination with words as much as accounting standards have, in the past, challenged their creative use of numbers.

After a tortuous period of gestation through more than 17 drafts, the working group on internal control has produced a weighty document designed to provide directors with advice on developing and commenting on effective financial controls.

*Internal Controls and Financial Reporting* runs to 70 pages of tightly-packed text, ranging over six chapters and six appendices. It was championed by the Institute of Chartered Accountants in England and Wales, with six chartered accountants drawn from business and the profession as members.

Few can have expected all this work to have been spawned by a few almost throw-away lines in the report of the Cadbury committee on the financial aspects of corporate governance, issued last December. Cadbury recommended that "the directors should report on the effectiveness of the company's system of internal controls", and called on the accountancy profession to develop the "necessary guidance" to allow this to take place.

Businesses would be foolish to ignore the document, however tempting that might be. If and when it is ever approved, it will become an essential part of the recommendations in the Cadbury code. Listed companies will be required to provide a statement on internal controls. Failure to comply could result in action by the Stock Exchange.

On the whole, the guidelines manage to do an effective job of sketching out the background to the subject and highlighting issues to consider. The document defines internal controls as systems established to provide reasonable assurance of effective financial operations, reliable financial information and reporting, and compliance with laws and regulations.

It says controls are needed in order to comply with the law, act as a management response to growing corporate size and complexity, and provide a means for boards to identify and evaluate risks for the prudent operations of the company on behalf of shareholders.

It argues that internal control structures have four separate "elements". The first is the control environment, fostered by the board for all individuals in a company to take the subject seriously. The second is the identification of risks, control priorities and objectives. Third is control activities: the policies and procedures to ensure that the objectives are achieved. Fourth is monitoring and corrective action.

All these points seem very logical, desirable and even patently obvious on paper. They reflect an increasing focus on internal controls, not least that highlighted in a paper earlier this year by the Institute of Chartered Accountants of Scotland, which sees a far greater role for internal auditors in place of external auditors in the future.

The most vocal, and effective, critic of the internal controls proposals has been the Hundred Group of leading

finance directors. Following dire warnings of "corporate overload" generated by a raft of new proposed guidelines issued in the last few months, the group recently gained agreement for greater consultation, co-ordination and delay.

Partly as a result, the document, which was originally due in June, has only just been released, and is now out for consultation until the end of next February. That means if it ever finally appears, it is unlikely to be in place for reporting by companies with year-ends before the end of 1994.

**I**n a speech last week, Mr Nigel Stapleton of Reed Elsevier, chairman of the Hundred Group's technical committee, urged standards-setters to "make haste, carefully", arguing there were too many peripheral issues under discussion, with guidelines often inadequately drafted.

The danger is that companies - many already with good internal control systems - will be saddled with substantial additional costs to report on internal controls, while those without will still be able to slip through the net and avoid fairly reporting on the state of their systems.

It is tempting to dismiss these criticisms as self-interested attempts by boards to save costs and evade efforts to make them more accountable. That would be far easier to do if those taking the alternative, working party line were entirely dispassionate. But they are not.

The accountancy firms have been cashing in on Cadbury in a big way. It came as no surprise that publication of the document last week was immediately welcomed by KPMG Peat Mar-

wick and Coopers & Lybrand, for instance. KPMG, Arthur Andersen and Touche Ross have all recently produced booklets on the topic.

While calling for greater attention to internal controls, the firms have been aggressively marketing their advice to steer companies through the confusion caused by the fall-out from the corporate governance movement.

In the longer term, some of the firms are estimating that ensuring companies are complying with the Cadbury code - notably on internal controls and whether it is a "going concern" - will add between 10 per cent and 25 per cent to the annual audit fee.

As the working party document says, most companies will need to review their internal control systems as part of the process of generating their statement of compliance with the code. For smaller companies, one accountant estimates that will typically cost several thousand pounds in consulting fees to write systems.

What is unclear is how far this will be a paper exercise to satisfy the auditors rather than something which genuinely adds value.

In a chapter on the statement that directors will be required to make, the working party urges that the wording should be free-ranging rather than adhering to a formulaic "boiler plate", something which is sadly the norm in auditors' reports. It wants directors to list "reportable weaknesses" which have been discovered, and describe remedial action being taken.

If it worked, such text would provide wonderful information for readers of accounts, not least journalists. But it would also mark a remarkable

change in the normally bullish texts available up till now, and leave boards feeling exposed and more vulnerable to legal action than a standardised form of words.

Guidance is now being developed by the Auditing Practices Board on how auditors would verify the statement. But it is unclear how detailed this is likely to be and what would happen if there was disagreement between auditors and directors over the state of internal controls.

Boards would clearly do everything possible to prevent a qualification in their accounts driven by disagreement on the topic. Yet the recommendations seem to leave little room for them to conceal the sins of the past, since they are being required to own up to weaknesses and say how they are making amends. That contrasts with accounting standards which allow for disputes to be resolved and policies changed following discussion with the auditors but without any public statement.

This would suggest that boards will impose greater pressures on their auditors not to qualify their statements - on pain of loss of audit fee or job. And, unlike with the Financial Reporting Review Panel for accounting standards, auditors would not have the power of an external regulator party to the discussions with which to threaten compliance.

As a result, the statement on internal controls runs the risk of being costly but worthless.

*Internal Controls and Financial Reporting*, from Lisa Groves, Working Party on Internal Control, PO Box 433, Moorgate Place, London EC2P 2BJ. £5.50.

## SCHOOL CURRICULUM AND ASSESSMENT AUTHORITY

The School Curriculum and Assessment Authority was established on 1 October 1993. Based in London, it advises the Secretary of State for Education on all aspects of the curriculum and its associated assessment arrangements; is responsible for the administration of national testing arrangements and the approval of public examination syllabuses; supports schools in the implementation of the National Curriculum and its assessment and will manage consultations on future changes to the National Curriculum and SCAA is currently seeking to appoint a:

**CHIEF FINANCE OFFICER**  
**GRADE 7 - SALARY RANGE £25,330-£39,227**  
**plus London Weighting of £1,776**  
**Ref No. 31**

The Chief Finance Officer will have responsibility for managing the finance and accounting function, including payroll, pensions and purchasing. The work includes the financial management of contracts up to £12m per annum, as well as advising on legal aspects. The CFO will be supported by ten other staff within the Finance Section and will report to the Director of Finance and Personnel.

Applicants should be qualified accountants with the ability to analyse and resolve complex financial issues and should have significant experience of analysing and co-ordinating estimates and preparing final accounts. Experience of contractual matters and management of staff is also required. Experience within the public sector at a senior level is desirable, as is the ability to bring a commercial understanding to the work.

The post will be offered on a fixed-term (renewable) contract basis, normally for an initial period of three years. Benefits include a non-contributory pension scheme, up to 30 days annual leave, relocation assistance up to a maximum of £5,000 and an interest-free season ticket loan.

Application forms and further details are available from:

SCAA Personnel Team  
Newcombe House  
45 Notting Hill Gate  
London W11 3JB  
Telephone No. 071 243 9216 stating reference number  
Closing date for return of application forms: 21 October 1993  
SCAA will be an equal opportunity employer. Applications are welcome from individuals irrespective of race, sex or marital status.

European Finance Director  
(French/German speaking)

## M4 Corridor

Our client, a wholly owned subsidiary of an internationally renowned US manufacturing group with a European turnover in excess of £60m, is looking to recruit an exceptional calibre financial businessperson to the challenging role of European Finance Director.

Reporting to the European Managing Director, who is based in the UK, the successful applicant will act as part of the senior management team and will take responsibility for the day-to-day finances of the company. In broader business terms the European Finance Director will be expected to make a major contribution to the commercial aspects of the group's European operations from a financial standpoint. This is not an ivory tower appointment and the postholder will be expected to participate fully at local operational level throughout Europe and to ensure the progressive removal of national country boundaries to provide common reporting procedures.

## £Neg + Car + Bonus

Candidates for the position will be graduate, qualified accountants, likely to be in the 35/45 age range, with demonstrable experience of a medium sized manufacturing environment with European and US reporting structures. Key strengths will include manufacturing costing techniques, MIS, taxation and US GAAP; in addition first-hand exposure to acquisitions and disposals would prove beneficial due to the group's commitment to growth in Europe both organically and through acquisition.

Interested candidates should write enclosing a detailed curriculum vitae with salary details and outlining their suitability to the position to Jeff Cottrell, Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH, quoting reference JC480, or telephone 071-931 1025 for an informal discussion.

**ERNST & YOUNG**

## FINANCIAL CONTROLLER

Central London

c.£42,000 + Benefits



Widely recognised as being one of the UK's leading independent consulting practices, this organisation boasts an impressive portfolio of international clients across a wide range of business sectors, which have contributed to its consistent levels of both growth and profitability.

An outstanding opportunity has been created for a highly skilled and experienced finance professional to head up the firm's finance function in a role that reports directly to the Chairman of the business.

The position will dictate adopting a "hands on" approach to all aspects of financial control and management reporting in addition to focusing on various ways in which finance can make a more positive impact on the further growth and development of the business.

As a qualified graduate accountant, ideally aged in your early to mid 30's, you should possess a strong academic background and be able to display an ability to relate well to non-finance professional staff gained from working in a service related business environment.

Interested candidates should write to Charles Austin or Michael Herst, enclosing a full Curriculum Vitae and quoting reference CA444.

**HARRISON WILLIS**  
SEARCH AND SELECTION PARTNERSHIP  
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463  
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## GROUP FINANCE DIRECTOR

London

c.£55k + Bonus + Car + Options

With an enviable track record of profitability this quoted Plc - a leading edge technology group of business services companies - is seeking to appoint a Group Financial Director.

The Group, based in the 'City', is capitalised at over £100m with multisite operations in the UK and the USA and is positioning itself for future organic and acquisitive expansion.

Your role will focus upon strategic and tactical analysis and direction with regards to the financial implications - both performance and financing - of ongoing business and future expansion. Paramount to this will be the introduction of stronger and more sophisticated financial discipline, controls and analysis together with the enhancement and creation of a more proactive planning process in order to provide a secure platform for the above.

You will be a qualified graduate accountant, probably aged 35-42, with experience in medium sized service industries. A high level of technical competence and knowledge of Plc reporting is essential combined with significant interpretative and financial skills. Awareness and knowledge of the needs of the 'City', together with acquisitions experience would be an added advantage.

It is a challenging time to be joining the Group as it strengthens its team and reshapes itself for growth in the 90's. If you can satisfy our client's needs please submit your Curriculum Vitae in application to:

Ref:1234/FT  
Wayne Thomas, Director,  
Wheale Thomas Hodgins plc,  
13 Berkeley Square,  
Clifton, Bristol BS8 4JG.



WHEALE THOMAS HODGINS PLC

## Finance Director

Consumer Products

c.£50,000 + Car + Benefits

West Midlands

Outstanding, high profile role for highest calibre, finance professional. A unique and successful international business, marketing led and strongly innovative.

## THE COMPANY

- Major electronic consumer products business. Reputation for quality and innovation.
- Dominant market share through aggressive advertising, new product development and T.V. marketing campaigns.
- Highly committed, forward thinking senior management team.

## THE POSITION

- Wide ranging, hands on, commercially orientated role. Integral part of senior management team.
- Sustain and develop incisive management information. Control financial and current exposure on international sourcing. Maximise contract profitability.

- Full responsibility for budgets, forecasts, financial management and IT.

## QUALIFICATIONS

- Graduate calibre, qualified accountant, foreign sourcing exposure. Highly developed PC and mainframe skills. Marketing led, FMCG/consumer product background.
- Commercial, proactive, challenging manager, capable of valid and innovative strategic input. Keen to take on new responsibilities.
- Strong character, good man manager and motivator. Performance driven.

Please write, enclosing full cv, Ref BM3989  
NBS, Berwick House, 35 Livery Street,  
Birmingham, B3 2PB

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Next has grown into one of the UK's premier names in retail, with sales and profitability rising - an outstanding record - and one strengthened even further by the figures of our most recent half year returns.

Our culture is young, dynamic and highly successful. So too is the financial team that's planning and taking positive action for the future. To contribute, your personality, professionalism and ambition should be perfectly in tune with this culture. If so, you could soon be sharing our success at our Head Office in Enderby, a village on the rural outskirts of Leicester close to the M1 and M69 motorways.

**Financial Analyst**  
Here you'll be expected to identify and exploit profit opportunities in branch trading - a role where there's considerable potential to build on our successes. It's a tough challenge and to meet it you should be a qualified accountant whose strong analytical and forecasting skills are supported by 1+ years' experience of management accounting in retail or similarly fast-paced business.

**Stock Administration Accounting Manager**  
Heading a small team that liaises between merchandisers and over 300 branches, you'll be managing the perpetual inventory, investigating and

acting upon any discrepancies on the stock file and accurately calculating the financial implications. Your financial acumen, initiative, organisational skills and ability to prioritise will be tested to the full. A proven, hands-on record of perpetual inventory management is the keynote here - and accountancy qualifications, though not essential, would help in your further career development.

Both positions carry a highly attractive benefits package, including bonus scheme, company car, private health insurance and generous staff discounts.

Your next step is to write, with full CV, to Julie de Groot, Personnel Controller, Next Retail Ltd, Desford Road, Enderby, Leicester LE9 5AT quoting Ref No. M500 and stating which position interests you.

Closing date: 22nd October 1993.

Next is committed to equality of opportunity in employment.

**NEXT**

LOOKING GOOD FOR YOUR CAREER

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Clare Peasnell on 071 873 4027



## Financial Controller

Malawi Excellent Expatriate Package

Oil Company of Malawi (1978) Limited, based in Blantyre, is the country's largest distributor of oil products with a market share exceeding 50%. Our client now wishes to appoint an experienced Financial Controller capable of making a major contribution to its continued success.

Reporting directly to the Chief Executive Officer, your priorities will be to manage and motivate a team of 50 staff, responsible for maintaining tight financial controls and producing crucial management information, and to co-ordinate a project to install new systems and procedures. You will be involved in financial planning, budgeting and forecasting and, as a vital member of the management team, will advise on product pricing, IT issues and future strategy.

Applications are invited from qualified, commercially-minded accountants with proven leadership qualities for whom this role would represent an upward career move. Oil industry exposure and a record of success in systems implementation are prerequisites, whilst previous expatriate experience is desirable. Vital personal attributes include ambition, initiative and a robust, adaptable character.

The comprehensive remuneration package includes generous salary and bonus, expensed car, gratuity on completion of contract and substantial assistance with educational fees. Blantyre boasts excellent recreational facilities, while Lake Malawi and its shoreline offer numerous leisure attractions.

Please write, in confidence, enclosing full career and salary details, to Tim Knight, quoting reference TCK/0710.

**KPMG** Selection & Search  
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

## Vice President - Audit

Leading Multinational Group

London Base

c. \$100,000 + bonus + car

Our client is a leading consumer products group that has an accomplished record of brand development on an international scale. It has achieved leading market positions across world markets through enterprise, innovation and shrewd investment.

An opportunity has arisen for a senior audit professional to lead a large team providing coverage throughout the Group.

Key tasks will include:

- Adding value to the business by recommending improvements to management controls and identifying opportunities for cost efficiencies and profit improvement;
- Assisting management in the implementation of controls and procedures;
- Developing a high calibre, well-respected team to ensure that Audit is recognised as an excellent training ground for financial

and EDP management talent.

Potential candidates must have at least ten years' management experience in a fast-moving international environment. Audits will be conducted in all major functional areas, which will require strong business acumen and broad based experience.

Excellent communication skills, strong leadership and sound technical ability are mandatory. Fluency in a second European language is required.

Opportunities for career development within this progressive and dynamic group will only be limited by ability.

The position will require approximately 30% international travel.

Please send a full CV in confidence, quoting reference number 231 on both letter and envelope, and including details of current remuneration.

**GKRS**

SEARCH & SELECTION  
CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TELEPHONE: 071 287 2820  
A GKR Group Company

## Finance Managers

The core business of a major plc, this multi-million pound division is achieving significant profit growth, thanks to excellent standards of customer service, vigorous cost control and a capital investment programme of over £100 million.

As part of their strategic development, a progressive decentralisation over the next two years will create seven separate Business Units. Each will have a multi-discipline management team who will be accountable for the commercial success of the Unit.

As head of the finance function in one of these teams, your brief is to ensure that all aspects of financial management and control within the Business Unit operate effectively. Your colleagues will benefit from your expert professional advice and the provision of accurate, timely financial information to support their management decisions. But even more than this, you will bring your broader business skills and management experience to influence the massive change process required to move to the devolved structure.

A graduate, qualified accountant probably still in your early thirties, your track record of success will have been achieved in a culture where continuous improvement and customer satisfaction are paramount. Excellent communication, influencing and other interpersonal skills will enable you quickly to establish credibility and effective working relationships, not only in the Business Unit but also at Divisional level.

The reward package (which includes relocation assistance where appropriate) reflects the importance of the role. Future opportunities for personal growth and development within the Group are excellent. Take the first step by sending a comprehensive CV (including current salary details) to Andrew Burke, Macmillan Davies, Colston Centre, Colston Street, Bristol BS1 4UX.

influential management  
roles for ambitious  
accountants

various locations -  
Midlands &  
Northern Home Counties

c. £32,000 plus car  
& benefits



Macmillan Davies

SEARCH & SELECTION

## LEOMINSTER MARCHES HOUSING ASSOCIATION

**FINANCE DIRECTOR** Salary up to £35,000 (inc. PRP)

LMHA has been set up to receive the transfer of 1870 properties from Leominster District Council. Tenants have been balloted and have voted overwhelmingly in favour of the transfer, which is scheduled to take place early next year. The Association is now being established, and is seeking its first Finance Director.

We need a skilled professional to lead our Finance team and, as an important member of the Senior Management Team, to help build and develop the Association into one of the leading social housing providers in the West Midlands. A recognised qualification and housing association experience would be desirable.

The job will be demanding, and you will need to demonstrate a strong commercial awareness, have an ability to manage a substantial loan portfolio, and be able to deliver results.

The rewards are an excellent remuneration package including contributory pension scheme and relocation allowance, the opportunity to work in a delightful rural area, and the chance to make a positive contribution towards the creation of a new organisation.

For an application form contact Liz Rogers on 0568 610470 (Fax 0568 610993). If you wish to have an informal chat about the post before applying, ask to speak to Irene Usher, LMHA's Managing Director, on the same number. Closing date for applications - 25th October.



LMHA is committed to Equality of Opportunity. We welcome applications from all races, both sexes and people with disabilities. The Association wishes it to be known that it is a non-smoking organisation.

## ASSISTANT FINANCE DIRECTOR

— Corporate Finance

Central London up to £40,000 + car + benefits

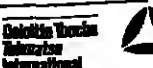
Our client, a plc backed by blue chip institutional investors, is currently undertaking an ambitious expansion programme to realise new market opportunities in a re-emerging sector, and plans to double its market capitalisation by the end of 1993. As this will largely be through acquisition, corporate finance will be an integral part of its overall growth strategy for the group. A number two to the Finance Director is now required to play a key role in all aspects of the development programme.

You will need to demonstrate a broad range of corporate finance experience, which includes advising on acquisitions and regulatory requirements, appraising risk and structuring complex deals. In addition, these skills must be matched by your effectiveness in helping to manage day to day operational accounting and finance and company secretarial activities.

A young (26-35) ACA, you will have gained first class, wide ranging corporate finance experience. With an incisive mind, an eye for detail and a commercial outlook, you must also have well-developed communication and presentation skills. As you will be expected to make an immediate contribution, high levels of energy, enthusiasm and commitment will be needed to ensure success.

If you feel you have the necessary skills to meet this challenge, please send an up to date résumé, including daytime telephone number and current salary details, quoting reference 3328, to Sue Atkinson, Touche Ross Executive Selection, at the address below.

**Touche  
Ross**



MANAGEMENT CONSULTANTS  
Hill House, 1 Little New Street, London EC4A 3TR.



## Head of Finance

City Livery Company

c£45,000

As one of the foremost Livery Companies in the City of London, our client has an outstanding record of establishing high standards of integrity in support of its industry and craft. The Company has a trading division and also manages several charitable trusts as well as a property and investment portfolio.

In addition to routine accounting, the role will focus on providing advice and management information to the Clerk (Chief Executive) and the Wardens (Board), particularly in respect of the Company's day to day transactions, management and taxation issues associated with investments and property and the administration of charitable donations. The incumbent will also advise on personnel affairs.

The ideal candidate must be a qualified accountant who has gained a wide range of financial and tax experience within a substantial organisation. In addition, the ability to communicate easily at all levels combined with strong interpersonal and business skills is essential.

Please send full career and remuneration details including telephone contact numbers and quoting reference 9009 to Stephen Fletcher at the address below.

**KPMG** Selection & Search  
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

## Hanson PLC

### Financial Comptroller

Hanson PLC requires an ambitious Financial Comptroller to join its small central management team based in London.

Hanson PLC is one of the foremost growth companies of the last two decades and is committed to a continuation of this growth both organically and by acquisition in the UK and the USA where half the group's businesses are located.

Many of the senior management positions in the group have been filled in the past from members of the central team and the position therefore offers enormous scope for an ambitious and energetic accountant.

The successful applicant, male or female, will be a chartered accountant, 30-35 with a good academic background and progressive experience in practice and industry.

A good salary commensurate with the job will be paid and generous fringe benefits, including car and share options are available.

Applications should be made to:  
The Financial Director, Hanson PLC,  
1 Grosvenor Place, London SW1X 7JH

## FINANCIAL ACCOUNTANT

Qualified/Part Qualified Accountant required for lighting manufacturing company. Experience of Import/Export documentation and ability to use Pegasus accounting modules helpful but not essential.

The company has over a period of 35 years established itself as one of the world's leaders in the manufacture of decorative light fittings.

We offer a generous package commensurate with age and experience.

Apply with CV to: The Financial Director, Montrose International, Unit 10, Ponders End Industrial Estate, Duck Lees Lane, Enfield EN3 7NJ

## FINANCIAL CONTROLLER

c. £35,000

Reporting to the Finance Director your major objective will be to provide effective, efficient management of the financial and management accounting functions of the Trust whilst offering guidance to all levels of operating managers.

Your responsibilities will take in supervising and overseeing financial accounts, management accounts, rent accounting and Hostels/Residential Care/subsidiaries.

Applicants for this senior role will be Chartered, Certified or cost management qualified and have a minimum five-years post qualification experience preferably gained from within a housing association background. A proven track record in staff management is essential. REF: FIN/CO/03

Closing date: Friday 22nd October 1993.

1st interviews will be held on: Friday 5th November 1993.

2nd interviews: Wednesday 10th November 1993.

For an application form and further information on the above position please telephone our 24 hour Answering Service on 0823 779129 quoting the reference number.

Circle 33 is an equal opportunities employer and we therefore welcome applications from all. We will not discriminate on grounds of race, sex, creed or sexual orientation and we particularly welcome applications from people with disabilities.





## Operations Executive

Midlands

c £60,000 + Car + Package

Our client is an IT based services company headquartered in the UK but with its European operations based in the UK. The company has a short but extremely successful history, achieved through accelerated organic growth and they have aggressive plans to continue the rapid expansion.

The services provided are wide ranging but they are characterised by the assumption of operational management control of various support elements of a client's business.

In this capacity, the company will analyse business problems and processes and then combine innovative solutions with appropriate technologies to formulate a change program. This will result in long term improvements in the efficiency, effectiveness and ultimately profitability of the client operations. Reporting to the Director in charge, we seek an outstanding individual to join an ambitious team, initially with a major customer in

mind. The role will involve responsibility for managing client operations of the client and critically examining these operations to identify areas for enhancement.

Candidates, aged 35-45, will be qualified accountants and must have a demonstrable track record of strategic contribution and 'hands-on' financial management in a high volume customer transaction service sector environment. Applicants should be academically able to average with a series of outstanding achievements in a high calibre customer led environment.

It will be essential to demonstrate the ability to initiate and manage change with the appropriate interpersonal and communication skills to achieve the desired result.

Interested candidates should write to Joe Graham BA CA, Executive Selection Division, Michael Page Finance, 190 Corporation Street, Birmingham B4 6QD. Please quote ref: 165698.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

## Finance Director

Lancs/Yorks Border

c £35,000 + Bonus + Car

Our client is an autonomous £9 million turnover engineering subsidiary of an acquisitive, rapidly expanding UK PLC. Its products have an enviable reputation within the world automotive market, with over a third of the turnover being exported. Future growth will be ensured by improved product quality and further market penetration both in the UK and overseas.

Reporting to the Managing Director, you will be responsible for all aspects of the Finance and DP functions, with initial emphasis on the enhancement of integrated computer systems including MRPII. The successful applicant will be expected to contribute significantly to strategic business planning and the overall commercial

management of the business.

Candidates, aged 30+, will be qualified accountants with in-depth experience of financial management gained in a manufacturing environment. Applicants must be able to demonstrate strong communication skills and the ability to make an effective contribution to the profitable development of the company.

Comprehensive relocation facilities are available where appropriate. Interested applicants should write to Stephen K Banks ACMA, Regional Director, quoting ref: 11357, at Michael Page Finance, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Tel: 0532 450212.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

## Financial Director

Hertfordshire

c£40,000 + FX Car + Benefits

Our client is a highly successful supplier of high-technology simulation systems. As a subsidiary of a well-known US electronics multi-national, the company has consistently demonstrated impressive growth and profitability, which can be attributed to positive and forward-thinking management where the focus is firmly upon technological leadership, superior customer service and astute financial control. Despite the difficult trading environment, sales and turnover for 1992/1993 have reached record levels.

In order to strengthen their financial and commercial expertise, the company is seeking to appoint an ambitious qualified accountant with strong technical, analytical and communication skills. Reporting to the Managing Director and assisted by a team of staff, responsibility will encompass all statutory and management reporting to UK and US standards in addition to all commercial management accounting, including business planning, costing and the preparation of the budget. The Financial Director will also make a significant commercial contribution to the business, with direct involvement in all major policy and

pricing decisions and the promotion of greater general cost awareness, company-wide. This is a critical and therefore high profile role and the successful candidate, as an integral part of the management team, will be expected to act as a catalyst in driving and directing the business towards goals of enhanced profitability.

Potential candidates must be qualified accountants (probably aged 30-45), able to demonstrate broad ranging experience and a strong track record of profit improvement in a commercial environment. In addition, candidates should possess the energy and commitment, together with the confidence necessary to operate at board level. Of equal importance are personal qualities, including strong man-management and organisational skills and the intellectual ability to contribute to strategic decision-making.

Interested candidates should apply in writing, enclosing a full CV (including a daytime telephone number and details of present remuneration) to Bill Greenwell at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA. Please quote ref: LN166069.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
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## DIRECTOR OF FINANCE

Manchester

### The Organisation

The Christie Hospital Trust is the largest specialist cancer complex in Europe with a turnover in excess of £40m. The organisation comprises the hospital itself, the Paterson Institute for Cancer Research and the North Western Medical Physics Service. The Trust was established in April 1991; since then it has traded increasing numbers of patients, extended its research work, achieved all of its financial targets and is acknowledged as a successful self governing organisation with a worldwide reputation.

### The Challenge

The basic work involved in setting up the new organisation has been completed and is working well. The next few years will see major organisational development opportunities, particularly in areas of information technology which must be managed within the public sector financial climate.

### The Job

In addition to the normal tasks associated with a Trust Finance Director, you will have responsibility for:

- A uniquely complex series of service contracts
- Business Planning
- Information Technology
- The oversight of substantial charitable trust funds plus fund-raising operations
- Relations with a large number of public, private and charitable bodies

The Director of Finance is accountable to the Chief Executive and is a full Member of the Trust Board.

### The Wider Role

The Director of Finance is expected to play an important role in determining the strategic direction of this prestigious Trust and implementing corporate policy.

### The Individual

- A self starter with strong negotiating and interpersonal skills
- A qualified Accountant with a track record in running the finance function of a large or complex organisation
- A finance professional who relishes demands for beyond balance sheets and bottom lines

### The Package

A generous remuneration package will be offered including a performance related element to attract the right person.

### Further Information

An information pack about the post is available by telephoning 061 446 3451 or alternatively a 24 hour answering machine is available on 061 446 3828. Closing date for applications 29th October 1993. Interviews will be held on Monday 22nd November 1993.

An equal opportunity employer.

CHRISTIE HOSPITAL  
NATIONAL HEALTH SERVICE TRUST



## Financial Planning Manager

Paris

Pizza Hut France, a major subsidiary of Pizza Hut International, is part of PepsiCo's worldwide network of restaurant operations. Currently operating from 65 outlets throughout France, the company has very ambitious plans for future growth, including the opening of 25 new outlets during 1994.

This sustained growth creates the opportunity for an outstanding young professional to lead and develop the financial planning and analysis function.

Responsibility will cover all aspects of the planning and forecasting function, including the preparation of all operational and strategic plans, leading the annual budget process and the development of a stringent performance measurement framework. Significant emphasis will be placed on the design and implementation

of sophisticated product analysis and capex models.

Candidates, aged up to 32, should be French speaking, graduate accountants/MBAs who are experienced in all aspects of financial planning within the context of a well managed fast moving business. Outstanding communication, presentation and management skills will be essential for success in this role and will ensure excellent career prospects for the future.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 9515, to Frédérique Bouvier at Michael Page International, 3 Bd Bineau, 92594 Levallois Perret Cedex, Paris, France. Tel: 331.47.57.24.24.



Michael Page International

Specialists in Financial Recruitment  
London Amsterdam Düsseldorf Paris Sydney

## BERMUDA

Recently qualified accountant required for Bermuda company. Successful candidate will have excellent accounting skills, must be familiar with PC based spreadsheet, accounting and word-processing applications. They must also be able to communicate verbally and in writing with the highest levels of client management personnel. Insurance knowledge would be an advantage. The position is in Bermuda and the candidate would be expected to take up the position quickly.

Apply, in writing with curriculum vitae, to Box B1722, Financial Times, One Southwark Bridge, London SE1 9HL

CAREERS IN EUROPE  
CONTROLLER POLAND \$60,000  
US Corporation manufacturing company. Fluency in Polish, knowledge of US GAAP essential. Excellent career opportunity.  
FINANCIAL ANALYST 120,000 DM  
FINANCIST  
US Fortune 100 corporation. Telecommunications. Based in Germany. Strong commercial skills. Rapidly expanding group.  
FINANCIAL CONTROLLER 125,000 DM  
FINANCIST  
Multi-currency hi-tech group. Fluency in German and knowledge of US and UK GAAP essential. From management experience. Able to manage change.  
For further information on these and other European opportunities call Mark Stewart or Jacqueline Long, at PFS Europe, Drayton House, Gordon Street, London WC1H 0AN Tel: (44) 71-387-5400 or (even) (44) 81-878-7936 (Not Costs)

The Financial Times  
Survey for public  
Corporate  
Treasury  
Management  
on Monday  
November 2

Decision makers in over 180 countries worldwide will see this survey. If you wish to reach this important audience call:

Robert Forrester  
in London, on 073-873 3206  
FT Surveys

## Group Financial Controller

Thames Valley

c £60,000 + Car + Bens

Our client is a £500 million turnover, technology driven, manufacturing group with operating sites throughout Europe and a truly international customer base. An order portfolio of over £2 billion and continuous investment in research and development cements its long term position as a major global force in an expanding market.

Following a recent corporate restructuring a new position has been created. The Group Financial Controller will be responsible for the provision of the highest quality technical and commercial support on all group financial matters. Initial emphasis will be to design and implement robust accounting policies, procedures and systems on a pan-European basis, which will facilitate stringent financial control and comprehensive

management reporting. The key to success in this role will be the ability to work closely with operational managers, bringing an international financial perspective and maximising profitable growth.

Candidates, aged 38-48, will be graduate qualified accountants with a proven record of senior level experience gained in a multi-site, international environment. Technical excellence, strong personal presence and outstanding communication skills, combined with a flexible, hands-on management style will be essential in this high profile role.

Applicants should forward a comprehensive curriculum vitae, quoting ref 166076, to Mark Hurley ACMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow & Worldwide

## GROUP FINANCE DIRECTOR (DESIGNATE)

CENTRAL LONDON

C.£50K + BONUS + CAR

Our client, a commercial property investment company listed on the London Stock Exchange, requires a Group Finance Director (Designate) to join its small tight-knit management team. Satisfactory development will lead to a full board appointment within one year.

Applicants, preferably aged 33 to 45, must be able to demonstrate a range of personal and professional skills that will gain the respect and confidence of the directors, including flexibility and speed of response coupled with maturity, reliability and strong team skills.

Please write enclosing CV with evidence of your suitability and stating your latest earnings level to Michael Leaney, Human Resources Director.

MORISON STONEHAM

MANAGEMENT CONSULTANTS LIMITED

805 Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ.



# FINANCIAL CONTROLLER

(Fluent in German)

Based Germany

Excellent Benefits Package

This Fortune 500 company is recognised as being the market leader in the manufacturing and marketing of a highly successful range of products.

To perpetuate planned growth on an international basis and to maximise the performance of its German operations, the company seeks to appoint a talented Financial Manager who has the range of skills to ensure that necessary robust management and financial controls are in place to drive the business.

Specifically you will:

- Redefine and implement management information systems capable of pro-actively managing finance
- Appraise the financial and commercial performance of the operations by developing sophisticated and clear reporting techniques
- Develop strong workable relationships with local and international management and make a positive contribution to the development of the operations
- Manage and motivate a committed finance team

Essential attributes for this role include:

- Strong academic background
- Complete fluency in German
- Exceptional technical accounting expertise, especially in US GAAP
- Outstanding record of achievement in career to date

You will be a graduate qualified accountant working at a senior level within a major accounting practice or within a multi-national group in Europe. You will be able to negotiate with executives at the highest level, display superior interpersonal qualities and be seeking a fast career track opportunity that will offer first rate exposure in a truly international business environment. Individuals who strive for excellence will enjoy unparalleled opportunities for career advancement.

Interested candidates should write to Michael Herst or Charles Austin, enclosing a full Curriculum Vitae and quoting reference MH446.

**HARRISON WILLIS**

SEARCH AND SELECTION PARTNERSHIP

39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463

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## Management Consulting

A top consultancy opportunity

Excellent package + car + benefits

Leeds based

KPMG is one of the leading management consultancy practices in the UK and worldwide. We have one of the strongest regional practices in North East England, centred on Leeds. We are looking for an outstandingly able accountant to join our team at a senior level, to play a key role in the further development of our practice. Our ideal requirements include:

- a track record in board level financial management;
- practical experience with modern cost management techniques;
- a systems bias;
- a flexible outlook;
- a readiness to work 'hands on';
- a keen interest in using financial skills to overcome a wide range of business problems.

While not essential, we would be particularly interested in anyone who already has consulting experience.

The position offers an outstanding career opportunity to the right person. It provides the chance to join a high quality group of professionals, dedicated to providing the best advice and highest standards of service to clients drawn from all segments of both the public and the private sector.

Please write in confidence, including full CV and current salary details and quoting reference number FT.001 to Ian McBride.



**Management Consulting**

1 The Embankment, Neville Street, Leeds LS1 4DW.

## Senior Finance Professionals

Funding Agency for Schools

YORK

The Funding Agency for Schools will be a new independent body which will take over direct funding of self governing (grant-maintained) schools in England from 1st April 1994. There are already nearly 700 self-governing schools and by 1995 the FAS may well be responsible for payments to schools of around £4 billion pa. The FAS will also have important responsibilities for monitoring the school's use of grant for the provision of school places.

the functions of the calculation, payment and monitoring of grant to self governing schools, for implementing new funding methods and for the establishment and maintenance of the Agency's internal finance systems. You will be responsible for the co-ordination and direction of work on two sites and for the overall management and administration of all aspects of work and staff concerned with the calculation, payment and monitoring of grant.

You will have excellent management and organisational skills and experience, complemented by a proven talent for leadership and communication. You will have considerable financial experience at a senior level and preferably some experience of Government Accounting.

## FINANCE DIRECTOR

£44-£54,000

You will be directly responsible to the Chief Executive for integrating the functions of the calculation, payment and monitoring of grant to self governing schools, for implementing new funding methods and for the establishment and maintenance of the Agency's internal finance systems. You will be responsible for the co-ordination and direction of work on two sites and for the overall management and administration of all aspects of work and staff concerned with the calculation, payment and monitoring of grant.

## FINANCIAL CONTROLLER

£36-£53,000

As Financial Controller you will be directly responsible to the Finance Director for all aspects of financial monitoring of self-governing schools, the expansion and development of existing audit arrangements for self-governing schools, and the implementation and maintenance of procedures to ensure that both schools and the Agency conform to the requirements of priority and good management.

You will be a fully qualified accountant whose professional abilities should be complemented by strong management skills. You should have relevant experience at a senior level in a major enterprise in the public or private sector. Experience of the overseeing of multiple units with delegated budgets would be an advantage. Experience of value for money assurance would also be highly relevant.

The appointments are for an initial contract of 3 years and the package includes non-contributory pension arrangements and a relocation package. Interviews will be held in November. Appointments to take effect as soon as convenient thereafter. You will be expected to make an important contribution to the launch of the Agency. For further details and an application form (to be returned by 25th October 1993), please write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0252) 468821 or fax (0252) 846660. Please quote Ref: B/674/247.

The FAS will be an equal opportunities employer. Applications are welcome from all sections of the community.



## High Profile Finance Opportunities

Competitive salary + car

John Laing Plc is one of the country's leading construction companies, with an enviable reputation for quality and shared financial management. We are currently looking to further strengthen our finance function with the appointment of two high calibre accountants. It is unlikely that anyone with less than four years' post qualification experience will have the necessary skills and business acumen to succeed.

### Divisional Financial Controller

Hemel Hempstead

This is a high profile role which reports directly to the Managing Director and has full responsibility for financial and management accounting for our Civil Engineering Division.

The position calls for experience in the contracting industry, a full accounting qualification, proven experience in staff management and the ability to work with other senior managers in the Division and the Group Head Office at Mill Hill.

The Division covers the whole of the UK and is involved in major projects in Europe and your brief is to add value to an already successful operation.

As you would expect, both roles attract excellent salaries and a range of senior management benefits which includes a company car and a non-contributory pension. To apply, please write with full c.v. and current salary

### Divisional Accountant

Mill Hill, North London

This opportunity arises from the need to provide additional support to the Group Chief Accountant at our Mill Hill Head Office. The responsibilities will include consolidation and review of quarterly management and financial information for our Building Division, thereby becoming directly involved in that business. The role will, in addition, involve ad-hoc accounting assignments throughout the Laing Group.

This is an excellent opportunity to gain a thorough understanding of the Group's Financial Management procedures, and requires a first-class accountant with the credibility, confidence and experience to further enhance the Group's finance function. Experience in contracting is preferred, however an excellent track record and the ability to work with accountants and management throughout the Group are of more importance.

details to D.R. Heard, Senior Personnel Manager, Group Personnel, John Laing Plc, Page Street, Mill Hill, London NW7 2ER. Tel: 081-906 5308. The John Laing Group is an Equal Opportunity Employer

**LAING**

We build for people.

## ACCOUNTANTS AND IT PROFESSIONALS

CENTRAL LONDON

TO £40,000 + BENEFITS

Guinness PLC is one of the UK's leading consumer goods companies, with a market capitalisation of over £8bn, 24,000 employees worldwide, and a turnover in excess of £4bn. With the most outstanding portfolio of premium drinks brands in the world, Guinness is one of the few truly global beverage businesses.

We have a well established and high profile internal audit function whose activities include reviews of operational and financial control procedures, new systems implementations and a variety of special project work. Due to internal development we need to recruit additional accountants and computer auditors/IT specialists with the commercial awareness, ambition and motivation to succeed in a highly professional group.

Successful applicants are likely to have at least three years post-qualification experience with either a major firm of accountants or in a line role. IT specialists should have experience in at least some of the following areas: Unix/VMS/AS400 operating systems, project management and the use of CAATs.

Reporting to the Head of Group Audit you will undertake short term assignments in the UK and overseas - hence a second language would be an advantage. Candidates should have the ability to provide intelligent and practical solutions and must possess strong interpersonal, report writing and presentation skills.

Package includes quality car, profit share, pension scheme membership and BUPA cover.

Written applications to: Miranda Henderson, Lonsdale Advertising Services Limited, 58-60 Rivington Street, London EC2A 3AY.

**GUINNESS PLC**



## Appointments Advertising

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Friday.

For further

information

please call:

Gareth Jones

on

071 873 3199

Jones Cable Group, UK subsidiary of US based Jones International, are in a period of rapid expansion. Having recently secured over £150 million of financing for our Leeds system, we require more people to be involved in the accounting and reporting functions for Jones' operations in the UK.

## CORPORATE ACCOUNTANT

c.£34K & benefits & car

Based in Watford and reporting to the Group Finance Director you will be a Chartered Accountant with experience of US reporting and inter-company accounting in a corporate environment. Ref: 106/GC11.

## GROUP MANAGEMENT ACCOUNTANT (for Leeds)

c.£30K & benefits & car

Based in Watford and reporting to the Group Finance Director your responsibility will be for Leeds accounting at group level. You will be qualified with at least 10 years experience in a similar role, ideally in a start up situation. Ref: 107/LG13.

## SYSTEMS ACCOUNTANT

c.£23K & benefits

Based in Watford you will be assisting the Group Management Accountant. This is an ideal position for someone who is newly qualified. Ref: 108/LG12.

## MANAGEMENT ACCOUNTANT

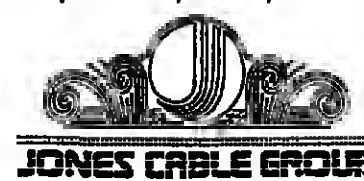
c.£25K & benefits & car

Based in Leeds and reporting to the Leeds Managing Director you will be involved in establishing procedures and controls. You will be qualified with at least 5 years experience - preferably in a start up situation. Ref: 109/LG05.

To apply for any of these positions you must be a non smoker and also be fully conversant with spreadsheets.

Please apply in writing with full CV, quoting the relevant reference number, by Wednesday 13th October 1993, to:

Christine Hurst, Group Human Resources Director, JONES CABLE GROUP LTD., Jones House, 9 Greycaine Road, Watford, Hertfordshire WD2 4JP.



NO AGENCIES.

**SWITZERLAND INTERNAL AUDITOR/FINANCIAL CONTROLLER**  
Professional with many years varied multi-nationals experience, resident in Zurich, with Swiss & EC passports, desires a challenging, permanent position in finance or banking. Prepared to travel extensively in a rotating role or would consider relocating. Write to Box B1723, Financial Times, One Southwark Bridge, London SE1 9HL.

**SCOTTISH LLB, ACA (29)**  
Big 6, first-time passes, 4 yrs in Germany, good French, Bluechip clients incl. merchant banks. US, UK & German reporting. SEEKING: Prefer finance/banking/consultancy; also industry/commerce. Write to Box B1721, Financial Times, One Southwark Bridge, London SE1 9HL.

**SPAIN**  
Qualified Finance Professional (32) seeks position in Spain. Experienced in European Controlling, Analysis & Planning, particularly US & UK companies. Last 4 years resident in Germany and Spain. Fluent in Spanish & German. Telephone Germany (49)-894802086











## LONDON SHARE SERVICE

## AMERICANS

Company	Price	Change	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595
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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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**NICAM Asia Pacific Umbrella Fund**

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGE

## \$ stalled ahead of job figures

DEALERS hung fire over the US dollar yesterday having already taken up their positions ahead of crucial US employment data today.

The concentration on the latest non-farm payroll figure meant that other issues took second place. The Treasury conference in the UK, the Bundesbank council meeting in Germany and possible central bank intervention in Belgium, all had a muted impact on the relevant currencies.

Economists are looking for a rise of between 150,000 and 200,000 in US employment as a signal that the country's fragile economy might be regaining some stamina.

Mr Paul Chertkov, global currency analyst with UBS, said: "If we get a figure above 175,000 the market is back on track and the mentality of the market shifts. Under 100,000 and the gloom intensifies."

That nervousness left the dollar unchanged at DM1.6330 by the close in London. Against the Yen it fell slightly to ¥105.10 from ¥105.60 against the Yen.

The worries allowed the German currency to appreciate quietly against a range of European currencies.

The fact that the Bundes-

bank kept its floor level discount rate unchanged at 6.25 per cent and its upper level Lombard rate flat at 7.25 per cent was neither here nor there - the market would have been stunned if Mr Hans Thiele, head of the German central bank.

But doubts over the US economy have given investors more reason to back the D-Mark. The currency has been further helped by other European central banks rebuilding reserves that were severely depleted out by the exchange rate mechanism crisis at the beginning of August.

The D-Mark climbed against the French and Belgian francs and the Spanish peseta. Outside the ERM it rose against the Swiss franc and Italian lira.

The French franc was further overshadowed by disappointing statistics on the Bank of France reserves. A number of economists had expected

that it might have recovered a large chunk of its reserves lost during the crisis at the start of August. In the event, the latest figure showed that the Bank only rebuilt by FF9.3bn last week, the lowest weekly figure since the crisis. That still leaves it with an estimated FF97.7bn shortfall.

The Belgian franc suffered from continuing worries over the state of the economy and the government's ability to shoulder through its social pact. The currency hit BF2.71 against the D-Mark at one stage and dealers said the central bank was intervening to support it; the central bank denied the claims. The Belgian franc closed at BF2.70 down from BF2.67 previously.

Sterling held on to gains made in the week in spite of some disappointment that Mr Kenneth Clarke the Chancellor refused to scotch speculation of an early interest rate cut.

## EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% Spread	% Volatility
Dutch Guilder	1.00	1.2602	-2.4	1.65	-
French Franc	100	163.33	-0.2	1.65	-
Italian Lira	1,000	1,366.00	-0.2	1.65	-
Spanish Peseta	166.67	166.67	-0.2	1.65	-
Portuguese Escudo	200.48	200.48	-0.2	1.65	-
Irish Punt	7.8756	7.8756	-0.2	1.65	-
German Mark	1.00	1.0000	-	1.65	-

See central bank rates by the European Commission. Currencies are in descending order of strength. Percentage changes are for the week ending October 7. The % spread is the difference between the highest and lowest rate for a currency, and the % volatility is the difference between the highest and lowest rate for a currency, expressed as a percentage of the average rate.

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## FINANCIAL FUTURES AND OPTIONS

## LIFE LONG FUTURE OPTIONS

Strike Price Dec Mar

111 3.10 3.25 3.35 3.45

112 3.15 3.30 3.40 3.50

113 3.20 3.35 3.45 3.55

114 3.25 3.40 3.50 3.60

115 3.30 3.45 3.55 3.65

116 3.35 3.50 3.60 3.70

117 3.40 3.55 3.65 3.75

118 3.45 3.60 3.70 3.80

119 3.50 3.65 3.75 3.85

120 3.55 3.70 3.80 3.90

121 3.60 3.75 3.85 3.95

122 3.65 3.80 3.90 4.00

123 3.70 3.85 3.95 4.05

124 3.75 3.90 4.00 4.10

125 3.80 3.95 4.05 4.15

126 3.85 4.00 4.10 4.20

127 3.90 4.05 4.15 4.25

128 3.95 4.10 4.20 4.30

129 4.00 4.15 4.25 4.35

130 4.05 4.20 4.30 4.40

131 4.10 4.25 4.35 4.45

132 4.15 4.30 4.40 4.50

133 4.20 4.35 4.45 4.55

134 4.25 4.40 4.50 4.60

135 4.30 4.45 4.55 4.65

136 4.35 4.50 4.60 4.70

137 4.40 4.55 4.65 4.75

138 4.45 4.60 4.70 4.80

139 4.50 4.65 4.75 4.85

140 4.55 4.70 4.80 4.90

141 4.60 4.75 4.85 4.95

142 4.65 4.80 4.90 5.00

143 4.70 4.85 4.95 5.05

144 4.75 4.90 5.00 5.10

145 4.80 4.95 5.05 5.15

146 4.85 5.00 5.10 5.20

147 4.90 5.05 5.15 5.25

148 4.95 5.10 5.20 5.30

149 5.00 5.15 5.25 5.35

150 5.05 5.20 5.30 5.40

151 5.10 5.25 5.35 5.45

152 5.15 5.30 5.40 5.50

153 5.20 5.35 5.45 5.55

154 5.25 5.40 5.50 5.60

155 5.30 5.45 5.55 5.65

156 5.35 5.50 5.60 5.70

157 5.40 5.55 5.65 5.75

158 5.45 5.60 5.70 5.80

159 5.50 5.65 5.75 5.85

160 5.55 5.70 5.80 5.90

161 5.60 5.75 5.85 5.95

162 5.65 5.80 5.90 6.00

163 5.70 5.85 5.95 6.05

164 5.75 5.90 6.00 6.10

165 5.80 5.95 6.05 6.15

166 5.85 6.00 6.10 6.20

167 5.90 6.05 6.15 6.25

168 5.95 6.10 6.20 6.30

169 6.00 6.15 6.25 6.35

170 6.05 6.20 6.30 6.40

171 6.10 6.25 6.35 6.45

172 6.15 6.30 6.40 6.50

173 6.20 6.35 6.45 6.55

174 6.25 6.40 6.50 6.60

175 6.30 6.45 6.55 6.65

176 6.35 6.50 6.60 6.70

177 6.40 6.55 6.65 6.75

178 6.45 6.60 6.70 6.80

179 6.50 6.65 6.75 6.85

180 6.55 6.70 6.80 6.90

181 6.60 6.75 6.85 6.95

182 6.65 6.80 6.90 7.00

183 6.70 6.85 6.95 7.05

184 6.75 6.90 7.00 7.10

185 6.80 6.95 7.05 7.15

186 6.85 7.00 7.10 7.20

187 6.90 7.05 7.15 7.25

188 6.95 7.10 7.20 7.30

189 7.00 7.15 7.25 7.35

190 7.05 7.20 7.30 7.40

191 7.10 7.25 7.35 7.45

192 7.15 7.30 7.40 7.50

193 7.20 7.35 7.45 7.55

194 7.25 7.40 7.50 7.60

195 7.30 7.45 7.55 7.65

196 7.35 7.50 7.60 7.70

197 7.40 7.55 7.65 7.75

198







## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

A - Z									
100	101	102	103	104	105	106	107	108	109
110	111	112	113	114	115	116	117	118	119
120	121	122	123	124	125	126	127	128	129
130	131	132	133	134	135	136	137	138	139
140	141	142	143	144	145	146	147	148	149
150	151	152	153	154	155	156	157	158	159
160	161	162	163	164	165	166	167	168	169
170	171	172	173	174	175	176	177	178	179
180	181	182	183	184	185	186	187	188	189
190	191	192	193	194	195	196	197	198	199
200	201	202	203	204	205	206	207	208	209
210	211	212	213	214	215	216	217	218	219
220	221	222	223	224	225	226	227	228	229
230	231	232	233	234	235	236	237	238	239
240	241	242	243	244	245	246	247	248	249
250	251	252	253	254	255	256	257	258	259
260	261	262	263	264	265	266	267	268	269
270	271	272	273	274	275	276	277	278	279
280	281	282	283	284	285	286	287	288	289
290	291	292	293	294	295	296	297	298	299
300	301	302	303	304	305	306	307	308	309
310	311	312	313	314	315	316	317	318	319
320	321	322	323	324	325	326	327	328	329
330	331	332	333	334	335	336	337	338	339
340	341	342	343	344	345	346	347	348	349
350	351	352	353	354	355	356	357	358	359
360	361	362	363	364	365	366	367	368	369
370	371	372	373	374	375	376	377	378	379
380	381	382	383	384	385	386	387	388	389
390	391	392	393	394	395	396	397	398	399
400	401	402	403	404	405	406	407	408	409
410	411	412	413	414	415	416	417	418	419
420	421	422	423	424	425	426	427	428	429
430	431	432	433	434	435	436	437	438	439
440	441	442	443	444	445	446	447	448	449
450	451	452	453	454	455	456	457	458	459
460	461	462	463	464	465	466	467	468	469
470	471	472	473	474	475	476	477	478	479
480	481	482	483	484	485	486	487	488	489
490	491	492	493	494	495	496	497	498	499
500	501	502	503	504	505	506	507	508	509
510	511	512	513	514	515	516	517	518	519
520	521	522	523	524	525	526	527	528	529
530	531	532	533	534	535	536	537	538	539
540	541	542	543	544	545	546	547	548	549
550	551	552	553	554	555	556	557	558	559
560	561	562	563	564	565	566	567	568	569
570	571	572	573	574	575	576	577	578	579
580	581	582	583	584	585	586	587	588	589
590	591	592	593	594	595	596	597	598	599
600	601	602	603	604	605	606	607	608	609
610	611	612	613	614	615	616	617	618	619
620	621	622	623	624	625	626	627	628	629
630	631	632	633	634	635	636	637	638	639
640	641	642	643	644	645	646	647	648	649
650	651	652	653	654	655	656	657	658	659
660	661	662	663	664	665	666	667	668	669
670	671	672	673	674	675	676	677	678	679
680	681	682	683	684	685	686	687	688	689
690	691	692	693	694	695	696	697	698	699
700	701	702	703	704	705	706	707	708	709
710	711	712	713	714	715	716	717	718	719
720	721	722	723	724	725	726	727	728	729
730	731	732	733	734	735	736	737	738	739
740	741	742	743	744	745	746	747	748	749
750	751	752	753	754	755	756	757	758	759
760	761	762	763	764	765	766	767	768	769
770	771	772	773	774	775	776	777	778	779
780	781	782	783	784	785	786	787	788	789
790	791	792	793	794	795	796	797	798	799
800	801	802	803	804	805	806	807	808	809
810	811	812	813	814	815	816	817	818	819
820	821	822	823	824	825	826	827	828	829
830	831	832	833	834	835	836	837	838	839
840	841	842	843	844	845	846	847	848	849
850	851	852	853	854	855	856	857	858	859
860	861	862	863	864	865	866	867	868	869
870	871	872	873	874	875	876	877	878	879
880	881	882	883	884	885	886	887	888	889
890	891	892	893	894	895	896	897	898	899
900	901	902	903	904	905	906	907	908	909
910	911	912	913	914	915	916	917	918	919
920	921	922	923	924	925	926	927	928	929
930	931	932	933	934	935	936	937	938	939
940	941	942	943	944	945	946	947	948	949
950	951	952	953	954	955	956	957	958	959
960	961	962	963	964	965	966	967	968	969
970	971	972	973	974	975	976	977	978	979
980	981	982	983	984	985	986	987	988	989
990	991	992	993	994	995	996	997	998	999
1000	1001	1002	1003	1004	1005	1006	1007	1008	1009
1010	1011	1012	1013	1014	1015	1016	1017	1018	1019
1020	1021	1022	1023	1024	1025	1026	1027	1028	1029
1030	1031	1032	1033	1034	1035	1036	1037	1038	1039
1040	1041	1042	1043	1044	1045	1046	1047	1048	1049
1050	1051	1052	1053	1054	1055	1056	1057	1058	1059
1060	1061	1062	1063	1064	1065	1066	1067	1068	1069
1070	1071	1072	1073	1074	1075	1076	1077	1078	1079
1080	1081	1082	1083	1084	1085	1086	1087	1088	1089
1090	1091	1092	1093	1094	1095	1096	1097	1098	1099
1100	1101	1102	1103	1104	1105	1106	1107	1108	1109
1110	1111	1112	1113	1114	1115	1116	1117	1118	1119
1120	1121	1122	1123	1124	1125	1126	1127	1128	1129
1130	1131	1132	1133	1134	1135	1136	1137	1138	1139
1140	1141	1142	1143	1144	1145	1146	1147	1148	1149
1150	1151	1152	1153	1154	1155	1156	1157	1158	1159
1160	1161	1162	1163	1164	1165	1166	1167	1168	1169
1170	1171	1172	1173	1174	1175	1176	1177	1178	1179
1180	1181	1182	1183	1184	1185	1186	1187	1188	1189
1190	1191	1192	1193	1194	1195	1196	1197	1198	1199
1200	1201	1202	1203	1204	1205	1206	1207	1208	1209
1210	1211	1212	1213	1214	1215	1216	1217	1218	1219
1220	1221	1222	1223	1224	1225	1226	1227	1228	1229
1230	1231	1232	1233	1234	1235	1236	1237	1238	1239
1240	1241	1242	1243	1244	1245	1246	1247	1248	1249
1250	1251	1252	1253	1254	1255	1256	1257	1258	1259
1260	1261	1262	1263	1264	1265	1266	1267	1268	1269
1270	1271	1272	1273	1274	1275	1276	1277	1278	1279
1280	1281	1282	1283	1284	1285	1286	1287	1288	1289
1290	1291	1292	1293	1294	1295	1296	1297	1298	1299
1300	1301	1302	1303	1304	1305	1306	1307	1308	1309
1310	1311	1312	1313	1314	1315	1316	1317	1318	1319
1320	1321	1322	1323	1324	1325	1326	1327	1328	1329
1330	1331	1332	1333	1334	1335	1336	1337	1338	1339
1340	1341	1342	1343	1344	1345	1346	1347	1348	1349
1350	1351	1352	1353	1354	1355	1356	1357	1358	1359
1360	1361	1362	1363	1364	1365	1366	1367	1368	1369
1370	1371	1372	1373	1374	1375	1376	1377	1378	1379
1380	1381	1382	1383	1384	1385	1386	1387	1388	1389
1390	1391	1392	1393	1394	1395	1396	1397	1398	1399
1400	1401	1402	1403	1404	1405	1406	1407	1408	1409
1410	1411	1412	1413	1414	1415	1416	1417	1418	1419
1420	1421	1422	1423	1424	1425	1426	1427	1428	1429
1430	1431	1432	1433	1434	1435	1436	1437	1438	1439
1440	1441	1442	1443	1444	1445	1446	1447	1448	1449
1450	1451	1452	1453	1454	1455	1456	1457	1458	1459
1460	1461	1462	1463	1464	1465	1466	1467	1468	1469
1470	1471	1472	1473	1474	1475	1476	1477	1478	14

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large companies  
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chief executive, has  
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for its shares in Ger-  
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## REFERENCES

## 4.2. FOCUS GROUP

SECRET

REFUGEE STATUS

## AMEX COMPOSITE PRICES

**4 new class October 7**

Stock	PV	St	High	Low	Close	Clng	Stock	PV	St	High	Low	Close	Clng	Stock	PV	St	High	Low	Close	Clng
Adco	0.40	0	450	10	10	10	Champion	0.24	180	165	165	165	165	Rumac OAG	0.25	115	115	115	115	115
Adco Mgr	0.40	0	120	12	12	12	Chad	0.40	10	435	395	395	395	HY Ryan	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.50	10	607	587	587	587	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	115
Alfa Ind	0.30	13	13	21	21	21	Comp	0.30	18	10	15	15	15	Chad	0.25	115	115	115	115	1

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- D -

Count	5614851	58 $\frac{1}{2}$	55 $\frac{1}{2}$	57 $\frac{1}{2}$	$\frac{1}{2}$	JLJ
avg	0.12 28 2100	21 $\frac{1}{2}$	20 $\frac{1}{2}$	20 $\frac{1}{2}$		Joan

Phenol	14	274	4
Phenol/Tch	0.48	4	105
Picard	29	1511	1
Pinkerton	17	358	1

18 <sup>1</sup> <sub>4</sub>	18 <sup>1</sup> <sub>4</sub>	-5 <sub>8</sub>	PioneerGp	0.24	18	160
8 <sup>3</sup> <sub>4</sub>	10 <sup>1</sup> <sub>2</sub>		PioneerH	0.56	17	1407 3

-X-Y-Z-

Stomax	35	2787	47	45 $\frac{1}{2}$	45 $\frac{1}{2}$	-14 $\frac{1}{2}$
Stomax Corp	2	469	5 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	+3 $\frac{1}{2}$

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## AMERICA

## US stocks subdued ahead of jobs data

## Wall Street

US share prices were trapped in a narrow trading range either side of opening values yesterday morning as dealers and investors mostly stuck to the sidelines ahead of today's important jobs figures, writes Patrick Horserson in New York.

At 1pm, the Dow Jones Industrial Average was down 2.79 at 3,598.20. The more broadly based Standard & Poor's 500 was down 0.48 at 460.26, while the Amex composite was 0.53 lower at 463.89, and the Nasdaq composite down 1.23 at 765.54. Trading volume on the NYSE was 154m shares by 1pm.

Trading was subdued from the start as participants once again chose to keep their heads down while awaiting the September employment report, due out this morning. The monthly jobs report is traditionally the most eagerly-anticipated set of economic figures, and the markets are hoping that today's numbers will give them a fresh look at how the labour market is faring in a still struggling economy. The consensus of analysts' forecasts has non-farm payrolls rising by about 150,000 last month.

Wall Street, however, has a

poor track record of forecasting the jobs figures, and there have been numerous occasions this year when the monthly employment numbers have surprised the market, usually by producing a more bearish

## NYSE volume

Daily (million)

300

250

200

150

100

50

0

1992 1993

September October

Average daily volume

1992: 200,514,000

1993: 154,000,000

Source: DataStream

report than expected. This

explains the markets' cautious

approach to today's data, and

the lack of much movement in

share prices during the morning

session.

There was some news on the

jobs front yesterday - the

Labor department announced

that the number of people

claiming state unemployment

insurance fell by 9,000 in the

final few days of September -

but the numbers failed to move

the markets.

Among individual stocks,

retailers were in the limelight after some of the biggest companies reported their latest monthly sales figures. The news was neither disappointing nor particularly encouraging, and investors seemed unimpressed. Sears, Roebuck fell 1% to \$69.74, while J.C. Penney gave up 1% to \$46.74, the Limited dropped 1% to \$23 and Kmart eased 1% to \$24.44.

Corning plunged 8% to \$27.12 in volume of 2.5m shares after the company warned that it would be taking a third quarter charge against earnings of \$130m, and said that its underlying income, even excluding the charge, will come in about 10 per cent below a year ago.

Motor stocks were in demand, with General Motors up 1% at \$44, Ford 1% at \$56.44 and Chrysler 1% at \$49. On the Nasdaq market, Liberty Media rose 1% to \$28.34 on the news that Tele-Communications is considering a \$3.3bn stock deal to regain full control of the company.

Canada

TORONTO remained ahead

of all-day trading, with the

market ending at 10,061.44 in

turnover of C\$361.1m.

Financial operations to offset

a sharp fall in operating income.

MoDo of Sweden and the

Finnish group, Kymmene, look

unlikely to return to the black,

however, and their shares have

performed less well than those

of their counterparts. MoDo,

which has forecast a second

half loss on top of its first half

SKR53m deficit, has been hit

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interest rates should have on

demand in the all-important

European market.

## EUROPE

## Paris sees 3 per cent decline in LVMH

AFTER two days of significant gains, the Eurotrack 100 eased a little yesterday, following the trend set on Wednesday afternoon, writes Our Markets Staff.

PARIS recorded a 3 per cent fall in LVMH on renewed selling after the group's recent disappointing first half results and further sell notes were issued by brokers. The shares lost FF119 to FF37,700 in heavy volume.

The CAC-40 index slipped 17.65 to 2,147.41 as turnover remained firm at FF2.5bn.

Peugeot was off FF11 at FF640 ahead of reporting a first half loss of FF11.2bn, which came in at the lower end of market forecasts.

SocGen was one of the day's best performers, with a gain of FF14 to FF76 following an impressive set of first half figures on Wednesday.

FRANCEUR traded above 2,000 for the first time at mid-session but the DAX index lost steam after that. It closed the session 9.99 higher at 1,997.04 after an intraday high of 2,000.38, and eased to 1,991.38 in the post-bourse. Turnover fell from DM10.6bn to DM9.6bn.

At the close the DAX was still nearly 85 points up on the day's features, up FI 2.40 or

week after a significant push from German mutual funds moving out of bonds into equities, and supported by US buying.

The big winner of the day, the pharmaceuticals group, Schering, made its own breakthrough with a DM29.20 gain to DM1,022 on one big order, and then excitement that it had cleared the DM1,000 level.

Other recent special situations like Daimler and Luftwaffe were down again, by DM5.80 to DM747.80 and DM2.40 to DM159.90 respectively.

AMSTERDAM saw Hoogovens continuing to attract sellers as speculation persisted over its financial health, the shares ending off 90 cents at FI 42.10. Many analysts believe that while the steel group remains in a difficult situation, its longer term prospects are relatively satisfactory.

Goldman Sachs has the stock on its European priority list, although emphasising that earnings recovery "is likely to be a bumpy ride".

The CBS Tendency index finished off 0.2 at 127.7. Nedlloyd featured among the day's gainers, up FI 2.40 or

## FT-SE 100 Share Indices

October 7	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close
FT-SE 100	1318.80	1317.92	1320.06	1321.34	1319.24	1318.25	1318.81	1317.76
FT-SE 250	1402.72	1402.41	1403.44	1402.79	1403.38	1401.93	1401.47	1401.57
FT-SE 100	1321.84	1313.91	1292.14	1293.99	1293.99	1293.02	1293.02	1293.02
FT-SE 250	1403.39	1391.47	1377.73	1368.18	1368.18	1362.51	1362.51	1362.51

Source: Reuters 1200 (FT-SE 100: 1318.80, 1319.24, 1320.06, 1321.34, 1319.24, 1318.25, 1318.81, 1317.76)

near 6 per cent at FI 43.80.

Kleinwort Benson has issued a buy note on the transport group, based on "significant changes in top management which... in the short to medium term will focus on debt reduction and cost cutting and should lead to a gradual allaying of fears over the group's weak financial position".

MILAN was enlivened by some late speculative buying of Ferruzzi on hopes that the rescue plan may soon be completed, but the Comit index shed 4.35 to 596.18 as the market's consolidation continued.

Ferruzzi added 126.10 or 8.3 per cent to L355.30 and Montedison was 1.36.60 or 4.6 per cent higher at L501 ahead of

the weekend meeting of credit banks.

Analysts were surprised by a 1.30 fall to LI.924 by Olivetti in heavy volume of 16.7m shares, noting that there was no news to account for the activity. On Wednesday, Merrill Lynch commented that in the short-term, the share price was reflecting expectations such as the probability of winning Italy's second cellular telephone licence, adding "there is still scope for intermediate-term appreciation given the company's repositioning of itself".

Fiat group companies were lower: Fiat shed LI.68 to L5.008. ZURICH edged lower in fairly active trade, the SMI index easing 6.8 to 2,528.0.

Roche and Sandoz were marked down after forecasts which analysts said were in line with expectations. Roche certificates shed SF30 to SF75.390, and Sandoz SF60 to SF34.40.

Banks and insurers remained supported by hopes for lower interest rates. CS Holding bearers added SF50 to SF3.060, helped by Wednesday's cut in cash bond rates by Credit Suisse and Swiss Volksbank's plan to cut costs by closing branches.

STOCKHOLM's Allshare index ended a narrow fraction below the all-time high of 1,339.1, hit on August 18, closing 10.3 higher at 1,337.3.

Domestic and international investors tended to focus on shares which had underperformed the earlier market rally. The household appliances maker, Electrolux, rose SKR7 to SKR269 and the mining and metals group, Trelleborg, by SKR4.50 to SKR45.60, helped by

higher nickel prices.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

## Forestry loses its charms after twelve month rally

Christopher Brown-Humes reports the reappraisal

Look back a year and few sectors of European industry can have performed as well as Nordic forestry. Look back over the last few weeks, when shares in most of the region's pulp and paper groups have been drifting, and the picture is rather different.

The sharp rise is explained by two factors: Swedish and Finnish forestry groups, because they are such big exporters, were major beneficiaries of the effective devaluation of their currencies last autumn. There was also a strong feeling that the pulp and paper market, which had been ravaged by severe overcapacity and world recession, would finally show a decisive turn for the better this year.

Disappointment has set in because, for all the Nordic forest industry's new found competitiveness, it has become clear that the hoped-for market upturn has not materialised. Pulp prices have drifted downwards since May, and now languish at just under \$400 a tonne, while the only paper grade to show any sign of price recovery is newsprint.

Even so, by midweek the Finnish forest index was up 9.3 per cent over the last twelve months and 65.2 per cent this year. Sweden's forestry sector was up 86.1 per cent on a 12-month view, but just 13.9 per cent in 1993, a considerable underperformance on the overall market this year. Norske Skog, Norway's biggest pulp and paper group, had seen its share price more than double over the last year. The reason Finnish forestry

groups have generally performed better than their Swedish counterparts is that they have more domestically-based production.

## Forestry &amp; paper stocks

Share prices and index rebased

300

250

200

150

100

50

0

1992 1993

Source: DataStream

a higher proportion of exports,

and a greater emphasis on value-added products. The Finnish group, Metsä-Serla, which has proved to be the region's star forestry performer with a tripling of its B shares over the last year, is a case in point: it has very little production outside Finland, and has concentrated on more stable market sectors such as tissues and corrugated board.

Currency devaluations are not the only reason for the

Nordic forestry sector's revival.

Extensive rationalisation,

lower wood prices and falling

interest rates have also helped

the industry weather the market

downturn. The region's

groups should be able to return

to profit in 1993. Sweden's

Stora, Europe's biggest pulp

and paper group, managed a

SKR90m pre-tax profit for the

first half, but it had to rely on

financial operations to offset a sharp fall in operating income.

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unlikely to return to the black,

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## ASIA PACIFIC

## Nikkei eases as Hong Kong stays at peak

## Tokyo

SPECULATION that the Osaka securities exchange will soon announce a new stock futures index triggered unwinding of arbitrage positions, and share prices lost 1.1 per cent on selling of small-capital stocks, writes Emiko Terazono in Tokyo.

The Nikkei average lost 23.62 to 20,255.63 after a high of 20,494.45 and a low of 20,282.83. Investors and dealers sold components of the Nikkei 225 index, on rumours that the index will be replaced by a capitalisation weighted average.

The settlement of October options contracts today also prompted selling by traders adjusting positions.

Osaka and Tokyo stock exchange authorities have been working on a capitalisation weighted average to replace the Nikkei 225, which is a simple price weighted average and is seen as easily manipulated.

Volume was 300m shares against 330m. Declines led advances by 613 to 332 with 184 issues unchanged. The Topix index of all first-section stocks fell 6.96 to 1,646.79 and in London, the ISE/Nikkei50 index rose 3.42 to 1,279.93.

Traders sold low liquidity small-capital component issues of the Nikkei, on expectations that such stocks would be excluded from the new index. Nippon Kayaku fell Y10 to Y81 and Shinagawa Refractories lost Y70 to Y1,060.

However, Daiwa Securities gained Y50 to Y1,420 and Yamachi Securities rose Y10 to Y810 on rumours that they would become components of the new index.

Pharmaceuticals were lower on reports of cuts in regulated

drug prices: Sankyo plunged

Y130 to Y2,630 on speculation